

It will be seen that during the three years 1900-1901, 1901-1902, 1902-1903, the excess of exports over imports amounted in value to £47,583,754; from this total must be deducted £1,456,880, the value of rupee paper transferred to India, during the period, which from the point of view of trade balances must be counted as an import. The net excess value of exports over imports thus calculated, amounted for the three years to £46,126,874. But to this figure we must add a sum of £2,145,342, representing the value of stores, arms, munitions, and animals, supplied to the Home Government in connection with their requirements in South Africa and China; these supplies must be included in our exports although not tabulated in our trade statistics. The addition of this sum to the balance of £46,126,874 noted above, shows for the period a net excess of exports amounting to £48,272,216. Now during the three years, the Secretary of State budgeted for Council drawings to meet the sterling requirements of Government for a total of £49,440,000. The difference between the net excess of exports and this figure, shows a balance adverse to India (or deficit) amounting to £1,167,784. It appears therefore that during the three years under consideration India received more than she paid for, the deficit having been made good by the Secretary of State's borrowings in England during the year 1900-1901, when on account of the famine, he was unable to meet his requirements by drawing to the full amount budgeted for. The Secretary of State's drawings actually *paid* during the period, amounted however to only £47,882,260, and thus, as regards actual payments, approximately £400,000 was provided in excess of requirements for payments of Council Bills, but such a difference amounting to less than one-tenth per cent of the total volume of the export and import trade during the three years, is of no account, as it is evident that neither the whole of the exports nor of the imports would be actually paid for within the period, and it is impossible to say on which side a balance might be due on account of trade operations at the close of three years, or what might be the amount of such balance.

In such calculations as I have made, certain minor factors may escape observation, but I believe that the figures given, indicate the situation with sufficient accuracy for general purposes. They entirely dispose of the erroneous assumption that India is paying for more than she receives under the three heads of imported goods, imported investment securities, and payment abroad of budgeted Government sterling charges.

Circulation of Currency Notes.

28. I submit the usual figures showing (1) the gross circulation of currency notes in recent years, and (2) the circulation excluding the amounts held at the Government Reserve Treasuries and by the Presidency Banks at their head offices.

[In lakhs of rupees.]

	1900-1901.	1901-1902.	1902-1903.	1903-1904 (11 months only).
STATEMENT I.				
Average	28,88	30,03	33,74	36,24
Maximum	30,78	31,86	35,72	37,70
Minimum	27,90	27,68	31,25	33,94
STATEMENT II.				
Average	23,86	23,16	25,74	28,56
Maximum	25,02	24,40	27,35	29,96
Minimum	22,85	22,39	23,93	27,44

It will be observed that the increase in the average circulation is continued.

29. We have, I am sorry to say, not yet received the new forms for the universal 5-rupee note, but I hope that they may soon be issued; meanwhile the existing note has been made negotiable everywhere except in Burma. So far, it cannot be said that the

increase in the circulation of five-rupee notes can with certainty be attributed to the new arrangement; it is perhaps somewhat early to expect great results, and the figures which I give below only show that the increase in the circulation of five-rupee notes has kept pace with the total increase in all denominations. Much might, I think, be done towards popularising small notes by those who pay monthly wages in small sums, and who would, I think, find it convenient to themselves to use five-rupee notes in making such payments:—

Average Gross Circulation of Currency Notes. (Except in Burma).

Year.							[In lakhs of rupees.]	
							Notes of all Denominations.	Five-rupee notes.
1901	.	.	.	.	.	.	29,06	36
1902	.	.	.	.	.	.	31,61	40
1903	.	.	.	.	.	.	34,05	45

Presidency Banks

30. Our negotiations with the Presidency Banks have been continued, and I can only express my regret that they have not so far terminated in arrangements satisfactory to both parties, but I have I think good reason to hope that a definite agreement will not be long deferred. I submit a statement of Government balances held by the Presidency Banks during the busy months of the year, noting also the amounts which Government are under obligation to hold in deposit with the banks at their head offices:—

											Lakhs.
Calcutta	.	.	.	.	.	.	.	.	.	.	35
Bombay	.	.	.	.	.	.	.	.	.	.	20
Madras	.	.	.	.	.	.	.	.	.	.	18
											—
TOTAL											73

Government Balances with the Presidency Banks.

		[In thousands of rupees.]					
MONTH.		1899.	1900.	1901.	1902.	1903.	1904.
January	.	2,73,84	2,48,75	2,64,54	2,85,89	3,07,63	2,69,52
February	.	2,72,31	2,56,23	2,86,73	2,97,16	3,32,02	2,91,84
March	.	3,38,07	2,79,18	3,15,79	3,11,24	3,36,91	...
December	.	2,38,75	2,48,90	2,82,02	3,05,84	2,79,07	...

Foreign Tariffs.

31. The question of the influence of foreign tariffs on Indian trade has recently been brought into special prominence by the discussion which has been proceeding in the United Kingdom. The views of the Government of India have been set forth and communicated to the public in the published despatch addressed to the Secretary of State, dated the 22nd October 1903, and I do not think it is necessary for me to add any further observations on this occasion. We are, however, obliged from time to time to consider the immediate effect of changes made in foreign tariffs adverse to the interests of our export trade. Last year I noted the difficulties which had arisen under the new Persian tariff, as also that specially affecting our coffee planters in connection with the French tariff, and the prejudice caused to indigo interests by the change in the Japanese tariff, which appears specially to favour the imports of the synthetic product. On this latter point, negotiations are proceeding with the Japanese Government, and I trust that a satisfactory arrangement may be concluded. To the above list of questions, I have now to add that which has arisen in connection with the imposition by the Russian Government on Indian teas of practically prohibitive duties on imports into Russia *via* the Black Sea ports. So far, the number of questions which arise in

connection with foreign tariffs are relatively few, but I fear that as industries in this country develop the pressure of protective tariffs in foreign countries will make itself steadily and more severely felt.

Countervailing duties on Sugar.

32. I give below figures of quantities of imports of sea-borne sugar into British India:—

COUNTRY.	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904 (10 months only).
REFINED.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.
United Kingdom	65,424	119,272	188,300	314,777	615,842
Austria-Hungary	777,821	1,321,310	2,257,928	888,018	45,262
Germany	60,526	401,980	577,139	145,666	4,596
Mauritius	1,417,115	2,085,156	1,759,203	1,915,664	1,954,138
China-Hongkong	316,975	487,439	182,564	568,452	335,950
Java	190,553	225,247	310,592	573,666	1,153,164
Straits Settlements	79,999	144,166	62,486	207,810	217,638
Belgium	766	1,467	2,055	186,543	99,047
Holland	311	400	500	79,127	82,139
Other Countries	26,502*	55,199*	87,336*	107,128*	368,087*
TOTAL	2,935,992	4,841,636	5,428,103	4,986,851	4,875,863

* Includes figures for Egypt and Ceylon.

The points specially worthy of notice in this table are the increase of importations from the United Kingdom and Java which has been remarkable, and the great decrease practically amounting almost to cessation of imports from Austria-Hungary and Germany. The total importation in 1903-04 is slightly below the average, which for the last four years may be taken as approximately five million cwt. It will be at once apparent that the policy of imposing countervailing duties resulted in great encouragement to imports of sugar from those countries which give no bounties, with a corresponding reduction in importations from those which have been artificially protecting their sugar industries.

33. The decisions of the Brussels Conference are now in force, and their execution is entrusted to a permanent committee on which the United Kingdom is represented. The position of the Government of India in connection with this arrangement is unfortunately complicated and involves a constant necessity of taking most difficult decisions. An opinion recently given by the law officers of the Crown and communicated as an instruction to the Government of India by the Secretary of State, shows that we are unfortunately not so entirely free from the effect of the Brussels arrangements as we had supposed, and this opinion obliged us to cancel at short notice, the arrangements which we had supposed ourselves at liberty to make and which were embodied in the Act passed in Simla in August 1903, but we still endeavour to maintain the principle that countervailing duties shall be imposed on all imports of sugar profiting by direct or indirect bounties in the country of production. Our object has throughout been to secure fair play for the very important Indian sugar refining industry, without offering any other protection than naturally arises from our ordinary 5 per cent duty, on foreign imports and the charges for freight, etc., between the country of origin and the Indian ports. It may not always be possible fully to maintain this principle in practice, since it is almost impossible to ascertain the existence of indirect bounties in the manifold forms in which the foreign sugar refiners succeed in securing them, and I am inclined to fear that the Brussels Committee who are in a position to pronounce authoritatively on the matter, and to whose decisions weight must be attached, are prone to take what appears a somewhat lax view on the all important question of what constitutes or does not constitute a practical bounty. We now propose to take the only step which appears for the moment to be open to us by passing a fresh legislative enactment to renew the power of the Government of India to meet by countervailing duties such trade combinations as may have the effect of bountifying the exports of sugar from foreign countries.

34. The net receipts from countervailing duties during the last four years have been as follows:—

	£
1899-1900	56,783
1900-01	140,465
1901-02	244,398
1902-03	73,360
1903-04 (Revised Estimate)	—24,324 (Refunds)

Army Services.

35. We still pursue our aim of increasing the efficiency of our defensive military forces, more especial attention being paid to questions connected with armament, stores, supply, transport, and mobilisation. I give the figures of net expenditure during the last five years, including the estimate for the coming financial year:—

	£
1900-1901	14,265,525
1901-1902	14,786,342
1902-1903	16,221,402
1903-1904 (Revised Estimate)	16,784,100
1904-1905 (Budget Estimate)	18,215,000

36. The recent heavy increase of expenditure is in itself very regrettable. I can only say that the advice of the most expert military authorities shows it to be inevitable, and that it is small as compared with the charges accepted by other powers whose persistent and deliberate advance towards our Indian frontier obliges us to take precautionary measures. It is unnecessary here, and it would be out of place for me to venture on any discussion of purely military questions—they can only be properly appreciated by military experts, but the hurried extension of railways towards our frontiers and the general signs of the times are obvious to all men.

This year we have devoted a specially large sum to expenditure on armament, and particularly for the re-armament of the artillery with the most modern and effective weapons, it having been decided at home that India must be allowed priority of supply in the matter of new armament. This priority of supply involves priority of payment, and consequently we have been obliged to provide in our estimates the extraordinary sum of £700,000 for armaments.

There is one item in our military expenditure which causes no regret, but on the contrary is in many respects a matter even of congratulation; I allude to the considerable sums to be expended on ordnance factories. I submit a statement showing the sums allotted and spent to date on different establishments:—

NAME OF FACTORY.	Total amount of estimate.	Estimated expenditure to 31st March 1904.	Grants allotted for 1904-1905.
Cordite Factory, Wellington	£ 201,250	£ 210,883	£ 2,000
Rifle Factory, Ishapore	235,333	182,356	40,000
Gun Carriage Factory, Jubbulpore	182,938	111,179	45,000
Ishapore Rolling Mills	170,938	85,630	76,788
Gun Factory, Cossipore	13,000	7,000	5,600
TOTAL	803,459	597,048	169,388

Above figures are exclusive of establishment charges.

This expenditure will directly benefit the Indian tax-payer by lessening the cost of war material, it will also provide for the education in mechanical trades of a large number of labourers and artisans. The Cordite Factory at Wellington is about to commence work, and we anticipate that the Rifle Factory at Ishapore will be working before the close of the coming financial year, and that manufacture will commence in the Gun Carriage Factory at Jubbulpore, the Rolling Mills at Ishapore, and the Gun Carriage Factory in Cossipore, in the first half of 1905.

Public Works.

37. The following figures show the comparative capital expenditure on railways for five years: including the estimate for 1904-1905:—

	1900-1901.	1901-1902.	1902-1903.	1903-1904 (Revised Estimate).	1904-1905 (Budget Estimate).
	£	£	£	£	£
Open lines including rolling stock .	3,521,489	2,350,510	3,211,634	2,68,733	4,057,800*
Lines under construction—					
(A) Started in previous year .	1,671,013	3,393,756	3,016,666	3,408,000	3,333,000
(B) Started in current year .	122,266	170,933	476,764	480,400	609,200
TOTAL .	5,317,768	5,915,199	6,705,064	6,547,133	8,000,000

* Includes £400,000 for acquiring four railways.

38. On March 31st, 1903, the total length of open railways was 26,308 miles classified as follows:—

5' 6" gauge	14,306
Metre gauge	11,205
Special 2' 6" and 2' 0" gauges	797
TOTAL	26,308

We have added to this during the current year:—

5' 6" gauge	218
Metre gauge	343
Special narrow gauges	277

or an increase of 838 miles, and we anticipate adding approximately another 608 miles during the coming financial year.

We have every reason to be satisfied with the previous results of the development of railway communications, and we have therefore full confidence in the great advantage of extending our railway mileage. If we could command the required capital for further construction, on reasonable terms, we should not hesitate to accelerate progress, and I trust that some solution may be found of the difficulties encountered in this respect.

Provincial Settlements.

39. An important step has been taken during the past financial year in connection with the question of Provincial Settlements. In 1871 a great reform was inaugurated by Lord Mayo by the introduction of a system of provincial finance, having for its object to secure to the provincial authorities greater independence and control over expenditure. The system then introduced was revised in 1877 with the object of removing certain defects which had been disclosed by experience, and from that date until now it has been customary to revise the settlements every five years, the primary object of such revision having been to secure to the Central Government what might be considered their fair proportion in the growth of assigned revenues. In the earlier revisions, considerable reductions were made in the assignments, but on the occasion of the last, in 1897, the aggregate change was insignificant, reductions in certain provinces having been approximately balanced by increases allowed in others.

It cannot be said that the system of quinquennial revisions proved satisfactory, for with such a short period of settlement, it inevitably occurred that in the first year of the term the Local Government was necessarily feeling its way under new conditions and cautious about expenditure, whilst in the last year, if, as was generally the case, balances were large, there was a natural tendency to extravagance, lest the terms of a new settlement might reduce resources for expenditure.

The object of the arrangements now proposed is to give as great permanence as possible to settlements, so that Local Governments may be able to form plans involving

expenditure, with greater certainty as to future means of providing for their execution, and at the same time have a more permanent interest in the growth of assigned revenues. It is evident that the Imperial Government cannot undertake any absolute obligation to maintain at all times a definite proportion between the share of increase of revenues, assigned to provincial administration and that which it is necessary to retain to meet the growth of Imperial expenditure, and it must always reserve the right to make either special temporary, or more permanent reductions from provincial revenues, if the exigencies of the State should require such measures. It must also be borne in mind in apportioning shares of revenue to different provinces, that a larger proportionate assignment is required in the more backward provinces than in those which are older established and more highly developed. Subject to such considerations every effort has now been made to treat Provincial Governments with reasonable liberality, and it is to be hoped that from this point of view they will find the new settlements equally satisfactory both at the outset and in future working. For the present the new system will be applied only to the provinces of Bengal, Madras, Assam, and the United Provinces. It is proposed to extend it in 1905-1906 to Bombay, the Punjab, and probably the Central Provinces, but it has been thought undesirable to enter into new arrangements with these until the lapse of another year, and the re-establishment of a normal financial situation which was entirely dislocated by recent famines.

We have been obliged to consider with special care, the proportions of revenue to be assigned since any undue liberality in a settlement, which it is desired should be of long duration, would, even without abnormal circumstances, inevitably lead to a necessity for revision at a relatively early date; to enable Local Governments, pending the realisation of increased resources through the natural growth of the assigned revenues, to meet certain immediate requirements, in easy circumstances, it has been decided to accompany the new conditions by large initial grants amounting for the four provinces now dealt with to an aggregate of 150 lakhs.

It is unnecessary to enter here on questions of detail in connection with the new arrangements. Full details are given in the appended statement by the Secretary in the Finance Department.

Remission of Taxation.

40. Last year we were able to announce an important remission of taxation under the heads of Salt and Income Tax, which was estimated to result in a possible loss of £1,393,000 of annual revenue. I am happy to be able to state that the actual loss under the two heads has proved somewhat less than the maximum we anticipated. Under Salt we have lost £1,024,405, and under Assessed Taxes, which for practical purposes may be taken as representing Income Tax, we have lost £195,928 or a total under the two heads of approximately £172,667 less than we allowed for.

41. The real test of the result of the reduction of salt dues must be sought in the progress of consumption. I give the figures for the last four years of the quantities in maunds on which duty was paid, prior to delivery for consumption. They are as follows:—

1900-1901	.	.	.	.	.	.	36,151,040
1901-1902	.	.	.	.	.	.	36,045,172
1902-1903	.	.	.	.	.	.	36,876,782
1903-1904 (Revised Estimate)	.	.	.	.	.	.	37,306,000

It will be observed that the increase over quantities in the previous year, is estimated at 429,218 maunds. This may be taken as roughly indicating a corresponding increase in consumption, which would undoubtedly have been greater had not salt stocks in the Bombay Presidency been damaged so seriously by a cyclone in the month of May last, that a scarcity ensued, considerably raising prices in that part of India and thereby unduly checking consumption.

It must be remembered, however, that the figures representing the number of maunds on which duty has been paid in any particular year, do not accurately represent the consumption, since, particularly in regard to salt imported from abroad, there is a certain element of chance, independent of actual consumption, in the number of maunds on which traders may decide to pay duty at any particular date or season; but, if we take a period of two or three years and compare it with another similar period, a comparison of the quantities on which duty has been paid will correctly indicate the position. We must therefore wait for at least another year, so as to be able to take two years

together under the new conditions, and to say for certain what has been the precise effect of the reduction of the duty by 8 annas. Meanwhile, we have made enquiries from the Local Governments on the subject, and from the reports of the officers consulted, it seems quite clear that the reduction in the tax had an important and almost immediate effect in reducing the price of salt in those parts of the country where no abnormal circumstances intervened. The reports furnished are fairly unanimous in their conclusion that an immediate gain as regards the number of seers purchaseable for a rupee was secured by consumers who were in a position to buy salt by the seer, while it is generally held that a smaller, though direct, gain was also secured by all who were in a position to purchase salt by weight and as a commodity by itself. Unfortunately, however, it would not appear that the natural reduction in price has so far fully reached those consumers of the poorest classes who take their salt in doles from the bunniah along with other articles. It may be anticipated that in due course the influence of competition will make itself felt in favour of the last class also.

42. As regards the Income Tax, there can be no doubt that the intended benefit was directly secured by all classes entitled to it, and the difference between the estimated loss and that which has actually been incurred, may properly be ascribed to the natural growth in this source of revenue, due to the increasing prosperity of the class affected, and also to improving administration.

43. I have observed with regret, though without surprise, that the concession already given has led to fresh suggestions that the tax should be abolished altogether. The total abolition of the Income Tax is, in my opinion, quite outside the range of practical politics. The Government of India is unlikely ever to be able to afford the great sacrifice of revenue which a total abolition of the tax would involve, unless compensation were found in some other direction, and if at a future date further remission of taxation should appear advisable, there are other classes of the community whose claims for consideration appear to be very much stronger than those of the wealthier section who are the principal contributors of Income Tax. Moreover, whilst this tax is paid exclusively by the class deriving, perhaps, the greatest benefits from the administration towards the cost of which it contributes, it is one which automatically adjusts itself to the means of the tax-payer. I have only heard one even *prima facie* plausible objection to the Income Tax, and that is that whilst the profits of business vary from year to year, the tax falls on lean or deficit years with the same severity as regards percentage, as on the profits of good years. But this objection falls to the ground if the provisions of the law regulating the incidence of the tax are considered, since under those provisions the tax-payer has the option of being taxed either on the profits of the actual year or on those of the preceding year, whichever may be less.

Economic Progress.

44. Our reports and returns show that India is now happily free not only from famine, but to a great extent from the effects of famine even in the more sorely tried provinces and districts. Two successive years of very generally good harvests throughout the country have had a marvellous effect in restoring material prosperity, although it could not be expected that they should suffice entirely to wipe out losses, particularly where the prolonged droughts resulted in very heavy mortality among cattle.

45. Plague, alas! is still with us, and the death rate shows no sign of diminishing. Not only does this terrible pestilence, which claims its victims by hundreds of thousands a year, render happy homes desolate, but it is, and must continue to be, a cause of prejudice and dislocation to trade and industry, though perhaps less so than in earlier years, since the people have become accustomed to its appearance and are more ready to continue their daily avocations in spite of its ravages. Still, as an example of its effect, I may mention that during the violent outbreak in Cawnpore last November, both the mills and the Government harness factory in that important industrial centre found it most difficult to keep their hands together and were in many cases working under very serious difficulties, whilst I fear that in some establishments actual loss was incurred. In spite, however, of such misfortunes as I have alluded to, we are justified by the consideration of all relative facts and figures, in holding that the country continues to make very satisfactory progress as regards general development of material prosperity. Last year I gave as an important indication of such progress, the figures of revenue for four years, under the heads of Salt, Excise, Customs, Post Office, and Stamps. I now repeat these figures, substituting the revised estimate for 1903-1904 for

the accounts 1899-1900, and accounts for 1902-1903 for the revised estimate in that year :—

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	Revised Estimate, 1903-1904.
	£	£	£	£
Salt	5,967,034	5,939,310	6,184,405	5,160,000*
Stamps	3,342,948	3,446,406	3,473,711	3,588,100
Excise	3,937,202	4,076,681	4,426,642	4,925,500
Customs (excluding countervailing du- ties and silver) . .	3,131,223	3,358,870	3,579,116	3,634,200
Post Office	1,357,156	1,383,709	1,429,935	1,480,800
TOTAL	17,735,563	18,204,976	19,093,809	18,788,600

* Decrease due to the reduction in the rates of duty. According to old rates of duty the revenue would have been approximately £6,350,000.

The rate of progress as indicated by the figures is clearly very satisfactory, but I must call attention to the fact that the returns have been increased in 1902-1903 and 1903-1904 by the addition of Berar revenues. The totals revised to exclude Berar figures, and taking salt duties at the old rate, would stand as follows :—

1900-1901.	1901-1902.	1902-1903.	1903-1904.
£	£	£	£
17,735,563	18,204,976	19,002,786	19,793,500

These figures appear to me to offer the most incontestable evidence of steadily maintained and increasing prosperity.

As I mentioned last year, land revenue is deliberately omitted from this table, since returns from this source are from time to time abnormally affected by revisions of settlements, and the bringing under settlement of newly irrigated and cultivated lands, as also by remissions made to facilitate recuperation in specially afflicted areas; also, I should again call attention to the fact that the progress of the Post Office returns is frequently adversely influenced by changes in the nature of concessions and reductions in rates charged.

46. Another very important indication of the situation is offered by the growth of deposits in the Post Office Savings Banks and in the Presidency Banks, as also by the investments in Government stocks made through the agency of the Post Office. I submit figures under these heads.

Growth of private deposits in the Presidency and Joint Stock Banks and in the Postal Savings Bank.

BANKS.	1899.	1900.	1901.	1902.	1903.
	£	£	£	£	£
Presidency Banks	7,470,166	8,504,217	9,815,765	11,798,852	12,113,125
Joint Stock Banks	4,894,959	5,306,364	5,898,656	6,846,845	7,262,957
Postal Savings Banks . . .	6,285,336	6,430,964	6,695,505	7,121,415	7,614,369
TOTAL	18,650,461	20,241,545	22,409,926	25,767,112	26,990,461

NOTE.—The figures for the Postal Savings Banks are the balances on the 31st March of each year, whilst the figure for the Presidency and Joint Stock Banks are the balances on the 31st December.

Investments in Government securities made through the Agency of the Post Office.

	1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903.
Number of investments .	603	516	557	527	556
Nominal value of investments £	27,887	22,667	26,493	25,287	25,487

47. I now turn to the question of agricultural development. I trust that in doing so once a year, I may not prove wearisome, but I desire to insist on the fact that it is before all things, the prosperity of the agricultural population on which the general economic prosperity and financial stability of this country must depend. I must remind Honourable Members that executive action in connection with this question is in the province of my Honourable Colleague in charge of the Revenue and Agricultural Department, but progress and success are, and always must be, the deepest concern of the Department responsible for revenue returns.

I am glad to know that more has been done by Government for the development of agriculture than appears to be generally recognised by the public. A few weeks ago a Government Resolution was published giving in outline the arrangements now being carried out for the establishment of a first class agricultural institution at Pusa, at very considerable cost. Personally, I cannot but welcome the heavy demands for expenditure on that institution, since I firmly believe that under the able guidance of such thoroughly practical and scientific men as Dr. Mollison, the Inspector General of Agriculture, and Mr. Coventry who has been named Principal of the establishment, our expenditure will be returned some hundredfold; and it is a real happiness to think that whatever advantages may accrue to the fisc through their success, such advantages being dependent on, must necessarily be accompanied by, a corresponding amelioration in the condition of the agriculturist, that is of the great bulk of the population of this Empire.

48. In dealing with a conservative population, we cannot, particularly in agricultural matters, expect startling, immediate improvements. The Indian ryot profiting by the accumulated experience of centuries, has been pronounced by competent Europeans who have closely studied his methods, to be a first class agriculturist within the limits of the situation in which he finds himself. He is both intelligent and practical, and though averse to change, he has shown himself by no means unwilling to adopt real improvements suited to his circumstances, when by example he has been shown the indubitably satisfactory results of their adoption. What we desire is that he should profit not only by his own experience and that of his forefathers, but also by that acquired by the application of scientific principles in foreign lands necessarily beyond his ken; and, moreover, it must be remembered that the extent of this great Indian Empire and the variety of conditions prevailing therein are such that, pending that interchange of information and thought which is to-day non-existent among the agricultural classes, the experience of the east cannot penetrate to the west, nor that of the centre to the frontiers. We must avoid haste to force new ideas, but we must aim at the introduction of improved varieties of staple products, and of crops grown in one province, into another where they seem likely to succeed; at inculcating the value of good qualities of seed, of certain more readily procurable manures, of chopping fodder, of ensilage, and of improving breeds of cattle; we must teach the treatment of crop and cattle diseases, and exemplify the utility of some of the simplest agricultural implements.

49. The recent extraordinary speculation in cotton in America has drawn the attention of those connected with cotton manufacture in all parts of the world, to the necessity of increasing the area of supply of the raw article, and naturally many eyes have been turned to India as a country where everything points to the possibility of great development of supply and improvement of quality. From certain paragraphs in the press, it would appear to be assumed that the Government of India has hitherto remained blind to the importance of this question, but I can state from personal knowledge that such is not the case. Since he entered on his present duties, and indeed long before that date, Dr. Mollison has been devoting his attention and energy to the improvement of the quality of our Indian cotton. I have myself seen some of his experiments in producing new hybrids and in cultivating different varieties from imported seeds, at the Government agricultural farms at Poona and Cawnpore. My opportunities of personal observation have naturally been restricted, but they have been sufficient to convince me that the question is receiving the most earnest attention, that important knowledge has been acquired, and that we may well hope in due course to arrive

at valuable, practical results. In the Central Provinces, Mr. Sly, the energetic Commissioner of Settlements, to whose valuable work I referred last year, continues to be able to report good progress. Satisfactory results continue to be obtained from the working of the demonstration farms. The cultivation of cotton and jawar has been introduced in districts where hitherto it did not exist. Cultivators are beginning to adopt improved methods; the picking of seed for the eradication of smut in jawar is now practised successfully in certain districts, and extermination of grasshoppers has, as a result of practical demonstration in some districts, been successfully undertaken in others. Selected seeds of good varieties have been distributed through the District Agricultural Associations, several of which bodies have done really good work. Cattle breeding is receiving attention with the object of distributing good bulls. Cotton growing has also been encouraged on suitable lands, and as a result of such encouragement and greatly increased prices, the area under cotton in 1902-1903 was 18 per cent larger than in the preceding year and 66 per cent above the decennial average. Apparently it does not pay to carry cotton more than fifty miles by road to a mill or railway, and feeder lines are said to be a desideratum to induce still more extensive cultivation. The number of paying subscribers, mostly cultivators, to the monthly Agricultural Magazine has increased to 1,800, and 1,800 copies have already been sold of a small work in the vernacular containing a re-print of matters of permanent interest published in the first issues of the monthly magazine.

50. I may add that in Madras attention has lately been turned to the possibility of minor irrigation by means of wells from which the water is drawn by oil engines and wind mills, and there is every reason to believe that the experiments, particularly those with oil engines, will lead to practical and useful results.

51. High prices of American cotton have already resulted in an increased European demand for Indian cotton, and Japan has also been an important buyer. India can well afford to sell its cotton at relatively lower rates than those prevailing for the American article, and it may reasonably be anticipated that as continental buyers become more accustomed to look to India for their supplies, and if, to our supplies of short-stapled cotton, which has its special uses and markets, we add a long-stapled variety, the export trade will still further develop to the great profit of both the agriculturist and the trader; and let me here say that the trader can make no profit which is not shared by the agriculturist: under present conditions in this country, their interdependence is absolute.

52. The export of tea continues to increase and the shipments for the past season, up to the end of February, are estimated at 200 million pounds, as compared with 174 and 175 million pounds in the two preceding years. The growth of exports to the United Kingdom has not been as considerable as might have been anticipated in normal circumstances, and it is believed by those specially interested in the trade that it has been somewhat checked by the heavy additional duty imposed on imports into Great Britain. We have recently heard unofficially that the Colonial Government has decided to admit imports of Indian tea into New Zealand, free of duty, and we may hope that such a concession will materially encourage consumption. A very satisfactory feature in the export trade has been the increase from 8 $\frac{3}{4}$ million pounds exported to America and 'other foreign markets' in 1901-1902, to 22 $\frac{3}{4}$ million pounds exported in 1903-1904; the 'other markets' include Russia, to which country the quantities exported are rapidly increasing. It may be hoped that means will be found still further to develop this most important trade, but for the moment it has received a check through the blocking of the Siberian Railway, and the increase in the already enormous duty levied on tea imported *via* the Black Sea. This increase must always tell against Indian teas and in favour of the Chinese leaf. When the trade was conducted through the Black Sea ports, India had the advantage of the lower freight from Calcutta to Odessa, as compared with that from Shanghai to Odessa, whilst by the Siberian routes, a corresponding advantage is secured by the Chinese teas. In this connection, I may mention that the production in India and sale of green teas are rapidly increasing, affording a new branch of development in the general trade.

It may I think reasonably be anticipated that the efforts of the Tea Cess Committee will lead in due course of time to considerable development of sales, both in foreign markets and for home consumption in India, and Government willingly gave the assistance sought for by the Tea Association in the matter of establishing a tea cess.

Prices, I regret to say, have not been so remunerative as desirable during the last few years, but this circumstance has had a wholesome effect which will bear good

fruit in the future, in checking undesirable extension of plantations on unsuitable lands. During the past season good prices were once more secured; the following figures show the fluctuations during the last six years:—

Calcutta Sales.

			R	a.
1898-1899	561,336 packages, average		5	8
1899-1900	560,719 do. do.		5	11
1900-1901	571,948 do. do.		5	3
1901-1902	534,923 do. do.		5	5
1902-1903	561,271 do. do.		5	3
1903-1904 (up to February 25)	609,326 do. do.		5	10

53. The future of indigo is still a question of deep concern, and although I fear that those who have been disappointed at the prices obtained during the past season may not readily agree with me, I cannot admit that there is real ground for despondency. On the contrary, continued steady perseverance on right lines would appear alone to be required to enable natural indigo, the produce of India, to hold its own with synthetic indigo. This is a purely business question and one which must be considered with due regard to facts, and facts only. It is a fact that when synthetic indigo was first introduced, the price asked was 17 pence per pound, and that the price has steadily declined to the present average of about 8 pence per pound. This is a very heavy fall, and I would urge attention to the fact that the manufacture of synthetic indigo was started on the basis of a price of 17 pence per pound, and that the manufacturers have suffered at least equally with the indigo planters by the great reduction in price due to competition. Now I ask what would have been said ten years ago if it had been suggested to the indigo planters that they would have to accept a price approximating ₹100 per maund for their product? They would have declared a fall to such a price to be impossible, and yet planters' indigo has been sold, and sold at a profit during the past season, at ₹110 per maund, by those who in the present still regrettably incomplete state of preparation for the struggle, have in favourable circumstances shown energy and intelligence in the conduct of their business. Prices have this year been some 30 per cent below those of last season and have varied from 80 rupees to an exceptional maximum of 195 rupees per maund, for a special parcel of 21 chests of Peeprah indigo; the average, exclusive of this particular sale has, however, probably not exceeded ₹120. Greater attention is being paid by buyers to quality, and indigo of low grade finds a market with much difficulty at Bengal prices. The total sales for the season, of Bengal indigo are not likely to exceed 50,000 maunds, and the sale value will probably be about 50 to 60 lakhs, as compared with upwards of 3 crores realised a few years ago, when prices were higher and production much larger. Madras indigo, though of inferior quality, is still largely sold at relatively low prices; it is estimated that some 23,000 cwt. were sold, at an average price of about ₹157 per cwt.—a decline of about 20 per cwt. as compared with prices two years ago.

54. The improvements necessary to effect a reduction in the cost price of indigo were (1) that the plantations should be placed on a sound financial basis, and cease to remain in a position where requirements for cash in seasons of dear money, could only be satisfied by transferring profits from the pockets of the planters to those of the money lenders; (2) economy in management; (3) selection of seed and propagation of the qualities yielding the highest percentage of indigotine and best suited to local conditions of climate and soil; (4) rotation of crops to obtain good profits from the land when not under indigo, and thereby reduce the cost of cultivation of the plant; (5) chemical improvements in manufacture.

(1) The transformation necessary to place indigo properties on a sound financial basis is proceeding, and in some instances at regrettably heavy cost to those who in the halcyon days of the industry had thoughtlessly allowed their financial position to become too involved to stand a crisis. The change has involved loss of fortune to individuals, but this is by no means synonymous with the failure of the industry. (2) The hard lessons of recent years have resulted in important economies in administration. (3) The attention of Mr. Coventry and other men of intelligence and energy interested in indigo, has for a long time past been turned to the cultivation in India of a plant which should produce a higher percentage of indigotine than that which a few years ago, in the absence of competition, sufficed to yield handsome profits. Agricultural experiments are necessarily slow in development, but the result of experiments has already shown that plants propagated from the Natal seed, acclimatised in

Java, will yield some 50 per cent more leaf of excellent quality than is obtained from the plant known as "Tinctoria" which has hitherto been generally cultivated in India. Again, it has been shown that the new plant can be grown as a perennial, and even if only left in the ground for two years, this will lead to material reduction in the cost of cultivation. Further, and not least, the new plant is immensely superior to the tinctoria in withstanding the effects of inundation, drought, and cold. (4) The introduction of a reasonable system of rotation of crops, which is becoming fairly general, has had the result that in spite of the low price of indigo, certain favourably situated land-holders have been able to realise 10 per cent profit on the cultivation of their lands, and it further leads to the hope that the value of the 'seeth' as manure for rotation crops, may pay, or nearly pay the cost of cultivation of the indigo. (5) As regards chemical improvements, experiments are still proceeding, and though it is impossible to say that any remarkable result has so far been achieved, it is incredible that nothing will be achieved by that persistence in research which is now being earnestly pursued.

It seems to me unquestionable that there is still a large margin for reduction in the cost of production of indigo, and this large margin should more than suffice to turn the scale against the artificial product, whilst leaving fair profits in the pockets of the planters. There is certainly a limit to the price at which synthetic indigo can profitably be sold, and many are of opinion that, although competition may induce manufacturers to temporarily accept losses and reduce prices, the profitable limit has been already reached.

55. On one point I may perhaps venture to offer a word of warning to our planters. I am fully sensible of the difficulties of their position with which I sincerely sympathise, but I fear that many still fail to realise in a practical manner the situation which is created by the keen competition of their European manufacturing rivals, and that season after season they continue to expect high prices and by so doing they alienate buyers who would willingly take their products were prices more in accordance with those for which the artificial article is to be obtained. It is not business to continue to work at a loss, but it is an essential factor in business to keep your competitor out of the market by temporary acceptance of the lowest possible price, and thus to force him either to accept losses, or to retire from the competition.

56. Exports of rice in 1902 were by far the highest recorded up to that year, but they were surpassed in 1903, when the total value exported was approximately 13 million sterling, of which shipments from Burma were for upwards of £9,000,000.

57. It is roughly estimated that only about one-seventh of the wheat grown in India is available for export, the remainder being retained for local consumption. The amount exported naturally depends both on harvest yields, and on the European market price. This winter the price abroad has been favourable for export, whilst in India harvests have been abundant, particularly in the Punjab, with the result that the value exported in the year 1903 exceeded $6\frac{1}{2}$ millions sterling, and was more than double that in the preceding year.

58. The export trade in seeds has as regards quantities, increased rapidly during the last three years, but owing to falling prices, values have not kept pace with quantities. Approximately, 1,000,000 tons were shipped in 1901, and about 1,270,000 tons in 1903; the corresponding values being about £9,765,000 and £10,083,000; out of these totals, the exports of linseed averaged in value about 4 millions sterling. Whilst the quantity of linseed exported has increased considerably, values have remained practically stationary under the influence of unfortunately declining prices, owing to the serious competition of shipments from both North and South America, and during the past season, particularly from La Plata. The other two most important classes of seeds exported are rape and til; the value of the shipments of the former in 1903 was £1,627,000 and of the latter £1,990,000. The exports of til are increasing very rapidly with well maintained prices.

59. The last jute crop was estimated at the large figure of approximately $6\frac{1}{2}$ million bales, but nevertheless prices have been well maintained throughout the season and have yielded large profits. The total arrivals of jute in Calcutta up to January 31st, 1904, are estimated to have exceeded those of the previous year by 20 per cent, whilst exports of jute and cuttings are said to have been upwards of 10 per cent greater than in the season 1902-1903, approximating, though not quite reaching, the record shipments in 1901-1902.

60. The progress of the jute manufacturing industry has been even greater than that of the export trade in the raw material, and is indeed very remarkable. The number

of looms at work has increased from something short of 10,000 in 1895 to nearly 20,000 to-day, and the development has been particularly rapid in the last two years, during which the number of looms has been increased by upwards of 3,000. During the latter part of the past year there was a very good demand for gunnies and hessians, and the result of the year as a whole, has, I believe, been quite satisfactory to manufacturers.

61. Great as has been the development of jute manufacture, cotton still remains our premier Indian industry. From one point of view, that of increasing production, the progress of the Indian mills has been very satisfactory. I give the figures showing the production in yards of grey goods during six successive years, together with corresponding quantities imported and the totals indicating general consumption.

Quantity of Cotton Piece Goods (Grey) imported into, and produced in, India.

YEARS.	Grey goods imported from other countries into India.	Grey goods produced in India.	TOTAL.
	Yds.	Yds.	Yds.
1897-1898	1,149,479,541	323,356,019	1,472,835,560
1898-1899	1,257,720,612	355,709,050	1,613,429,662
1899-1900	1,274,912,153	329,420,397	1,604,332,550
1900-1901	1,192,173,060	341,176,942	1,533,350,002
1901-1902	1,186,764,327	409,744,993	1,596,509,320
1902-1903	1,283,680,181	406,316,717	1,689,996,898

It will be seen that whilst there has been some small increase in imports, production in India, in spite of a temporary set-back due to the last famine, has increased by upwards of 25 per cent in the short space of five years, whilst total consumption has increased by approximately 15 per cent. This by itself should certainly indicate increasing profits to millowners, since the larger the outturn, the less is the cost of production. Nevertheless, I am afraid that while certain well-managed mills on a sound financial basis, have made, and are likely to continue to make steady profits, a large proportion have been doing more or less badly for some time past. Many mills have suffered from the fact that their working capital has been quite insufficient; their ordinary requirements for financial accommodation have cost too much to leave a profit on the turn-over in these days of close competition and generally cheap money, while in times of financial stress, they are liable to be entirely overwhelmed by the difficulties of their position. A good many mills have in such circumstances naturally changed hands during recent years, and it is to be hoped that with a fresh start on a proper financial basis, and with the more competent management for which I am inclined to think there is sometimes an indisposition to pay the necessary price, a fresh start may be made and profitable business developed. Latterly, special difficulties have beset those millowners who neglected to buy cotton ahead and who have consequently found the price of the raw article increasing out of all proportion to the price of yarns, which it must be noted has been prejudiced by the competition with Japan for the China trade. Weavers have fortunately fared better than those who are only spinners, as the former are not so dependent on the China trade, and demands for the home market have been sufficiently good and are likely to increase. I think that the future success of the Indian cotton industry lies in the development of weaving and the abandonment of a position of dependence on the sale of yarn in the China markets. I would venture to urge cultivation of the home markets.

62. I notice the continuance of complaints against the cotton excise dues. On this question it is argued that as the cloths made in India are of different textures to those made in Lancashire, there is no direct competition between them, and therefore, that the abolition of the dues could not be considered as a protective measure.

As far as the argument goes, there appears superficially to be something in it, but it seems to be omitted from consideration that the consumption in India in any given year, is more or less a fixed quantity as regards the number of yards required, and that if the cheaper price of the Indian textiles secures for them a good market in competition with the finer textiles from Lancashire, the latter must be displaced by the former. Further, I am led to believe that the Indian mills already enjoy considerable practical protection, since charges between Manchester and the Indian bazars (including packing, freight, interest, etc.), are said to amount to fully ten per cent on cost price in Manchester. Moreover, it must be remembered that a certain amount of revenue is a necessity to provide for the administration of the country, and the cotton excise dues now return upwards of 20½ lakhs, having increased from R11,62,947 in 1900-1901. It is very easy to object to any and every class of taxation, but those who make objections should, I think, offer suggestions as to how revenue could be maintained if their objections were to be admitted. As I pointed out last year in the discussion on the budget, it is impossible to believe that the average enhanced cost to the individual consumer of cotton cloth on account of the excise exceeds 3½ annas per annum, and the steady increase in consumption, which is an undeniable fact, sufficiently proves that present rates have had no prejudicial effect on its development. I would particularly call attention to the fact that the receipts on account of customs duties on cotton goods, on sugar, and on petroleum, constitute upwards of 40 per cent of the revenues derived from customs on imports, but the proportion is diminishing, and as Indian industries develop and check imports, there must inevitably be a steady and serious diminution in the returns under these heads, for which some compensation must be found. In the case of cotton goods, it is ready to hand in the shape of a steady growth in returns from excise dues on the local manufactures, and for this reason, if for no other, it appears to me impossible to seriously consider their abolition.

63. Importations of piece goods have been rather below the average, but the generally prosperous condition of the country has produced a demand sufficient to absorb more than the average annual imports, and as a result, stocks are greatly reduced; in Bombay they are the smallest on record. It is possible that for some little time a maintenance of higher prices will continue to restrict imports, but this position of affairs cannot last, and we may with some confidence look forward to a brisk and prosperous trade in piece goods in the near future.

64. Coal continues to be a very important item in the export trade. Last year I noted that this trade had received a check, and I regret to say that although towards the close of the past year there was a slight improvement in the market, the very low prices which have prevailed have had a serious effect on the profits of many coal mining companies. I have reason to fear that unsatisfactory prices are in part due to the fact that the quality of Bengal coal has suffered in reputation abroad, owing to unfortunate shipments of inferior stuff when the demand was brisk. All is not gold that glitters, and buyers soon show their appreciation of the fact that all is not coal that is black. That there is room for improvement in the methods of handling and carriage from the mines to ship-board is admitted on all sides, while it has been observed by competent experts that, speaking generally, actual mining operations are far from being generally conducted in the most scientific and economical manner. There is, therefore, apart from possible natural increase in demand, room in more than one direction for such improvement as would increase the profits of the business. I give the figures of export of Bengal coal during the last four calendar years, together with the figures for the quantities of bunker coal supplied to steamers in Calcutta.

	1900. Tons.	1901. Tons.	1902. Tons.	1903. Tons.
Exports	1,734,551	2,008,322	1,716,556	1,953,914
Bunker	615,504	674,645	697,017	703,225
TOTAL	2,350,055	2,682,967	2,413,573	2,657,139

It will be observed that the totals for 1903 are approximately equal to those for 1901, which, however, still remains our record year.

65. The petroleum industry is advancing by leaps and bounds. I submit figures showing consumption of kerosine during the last five years, and the sources from which the demand has been supplied.

Production of Kerosine Oil in Burma and Assam, and importations into India from foreign countries.

	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.*
	Quantity (gallons).				
Kerosine Oil produced in Burma	9,947,930	14,428,422	18,317,164	25,303,906	38,694,192
Kerosine Oil produced in Assam	...	156,740	241,379	671,486	1,200,052
TOTAL	9,947,930	14,585,162	18,558,543	25,975,392	39,894,244
Kerosine Oil imported from Russia	57,688,204	67,350,656	84,477,876	71,125,438	57,500,000
Kerosine Oil imported from United States	12,731,934	5,102,459	5,768,226	9,229,244	7,000,000
Kerosine Oil imported from other countries	49,978	148,783	1,221,364	1,095,573	5,500,000
TOTAL	70,470,116	72,601,898	91,467,466	81,451,255	70,000,000
Total consumption of Kerosine Oil in India	80,418,046	87,187,060	110,025,009	107,426,647	109,894,244

* Estimated figures for last two months.

It will be observed that whilst consumption steadily increases, Indian production already suffices to satisfy nearly forty per cent of the total demand. Burma already supplies upwards of 38½ million gallons and Assam, where the industry has begun to develop, is, I understand, in a position to supply two million gallons in the coming year, with a rapidly increasing production. The imports of American and Russian oils are naturally declining, but, on the other hand, those of what is known as Straits oil are increasing. American kerosine has now become practically an article of luxury used only by those who like to pay a high price for a specially good article. Improvement is desirable in the quality of the Indian oils, which are still distinctly inferior to both American and Russian oils, but I understand that improvements are being introduced in refining processes, and that as oil is drawn from the lower strata it will be found to be of a lighter character.

66. The export trade in hides is of very great importance, but it is particularly susceptible to influences causing wide fluctuations both in volume and in price. In times of famine, the difficulty and sometimes impossibility of providing fodder, leads to wholesale slaughter and low prices, whilst after a few prosperous years, the number of cattle increases and the number of hides for sale also increases. To-day an unsatisfactorily large proportion of our hides are exported in the raw state, and a large development of the tanning industry is much to be desired. Special attention is being paid to this question in Madras where it is hoped that the chrome-tanning process may be introduced with success. Cawnpore is the most important centre of the leather industry the successful development of which enabled us to supply large quantities of leatherware (boots and saddlery) for the army in South Africa. This industry is at present labouring under two difficulties—deficiency of tanning material and shortness of labour. The want of tanning material is attributed to a depletion of stocks of cutch during the recent years of famine, but we may hope that this will prove a temporary difficulty. Shortness of labour for industrial purposes is a cause of serious complaint in many parts of India, and I fear that it will not be easily remedied. In course of time, a sufficient industrial class will come into existence, but the people are conservative in their habits, and they prefer working in their homes to the restrictions of a mill, whilst any extensive employment of female labour is, for various reasons, almost impossible. High wages offer little attraction to the agriculturist who, in normal times, finds all his requirements supplied by the fruits of congenial labour in the fields.

67. It is, I believe, often urged in quarters which appear to be strangely misinformed, that if we look back, say 20 years, it will be found that the ryot has been

impoverished by a steady fall in the price of his produce. I have examined this question as far as the information at our disposal permits, and I submit a table showing the average wholesale prices of certain articles of export from India in the years 1873, 1883, 1893, and 1903, at Calcutta, Bombay, Karachi, and Rangoon, respectively.

Average annual wholesale prices of certain staple articles of export from India.

Ports and Articles.		Per	1873.	1883.	1893.	1903.
<i>At Calcutta.</i>			<i>R a. p.</i>	<i>R a. p.</i>	<i>R a. p.</i>	<i>R a. p.</i>
Jute	Bale of 400 lbs. .		23 13 6	22 4 9	26 10 10	35 5 4
Rice	Bazar maund .		2 7 8	2 8 2	4 1 8	3 9 7
Linseed	" " .		4 11 3	3 14 6	5 7 9	4 14 0
Rapeseed	" " .		4 8 9	4 11 6	4 11 1	4 2 0
Silk, raw	Factory seer .		21 7 8	16 4 11	19 6 4	15 13 6
Hides, cow	20 lbs. .		...	...	13 2 0	16 12 0
<i>At Bombay.</i>						
Cotton	Candy of 784 lbs. .		199 10 0	171 7 3	199 6 11	203 0 0
Linseed	Cwt. .		6 0 6	5 6 0	7 11 1	6 14 0†
Wool	Candy of 588 lbs. .		192 8 0	187 8 0	132 8 0	115 8 0
Wheat	Cwt. .		5 1 9	3 13 8	4 5 9	4 5 5
<i>At Karachi.</i>						
Wool	Maund of 82 lbs. .		35 8 0	25 14 10	27 3 3	21 4 10
<i>At Rangoon.</i>						
Rice	Cwt. .		2 7 8	3 8 6	3 11 7	4 3 1*

* Prices have fluctuated greatly owing to speculation. | † Prices have since fallen.

It will be observed that while prices have varied considerably at different epochs, in the great majority of cases there has, over the period, been an increase in Calcutta prices, the only really notable exception being with regard to silk. In Bombay, prices of cotton and linseed increased, whilst those for wool and wheat have fallen, the former considerably; wool has similarly fallen at Karachi, but at Rangoon the price of rice, the staple export, has very materially improved. I would point out that as each ten years of the period under consideration rolled by, facilities of transport have under the influence of railway construction, steadily and enormously reduced the cost of delivery from the ryots' hands to the export markets, whilst also reducing the number of middlemen through whom produce finds its way from the interior to the sea coast. Now, this decrease in cost of carriage is equivalent to so much direct profit to the producer; it is therefore absolutely certain that the increase shown in prices at the ports, forms but a small proportion of the total gains to the ryot from the enhanced prices which he has realised locally.

An examination of this question would be incomplete without some reference to the influence of exchange. The variations in exchange were steadily favourable to increase in rupee prices of exports from 1873 to 1893 and unfavourable during the last ten years.

The average exchange value of the rupee in the four years tabulated was :—

1873-1874.	1883-1884.	1893-1894.	1903-1904. (Estimate).
22.351d.	19.536d.	14.546d.	16.053d.

68. Whilst the facts noted offer a complete answer to those who have of late years been talking of the impoverishment of the ryot, I must state that in my personal opinion we are likely during the next few years to witness some decline in the export price of agricultural produce. Such a decline, it seems to me, must inevitably result from the improvement of communications, and the bringing of new lands under cultivation in foreign countries, and particularly perhaps in Canada and in South America. The natural decline from such causes should however be at least compensated, if not more

than counterbalanced, by improvements in our own communications in India, in agricultural methods, and I venture to hope also by reduction in our railway tariffs. The most important step which can be taken to meet the situation will, however, I apprehend, be found in the development of industries based directly on agriculture, that is in locally working up our raw products, extracting our own oils from seeds, producing our own textiles from silk, cotton, and wool, tanning our own hides, etc. For thoroughly satisfactory progress in this direction we must await the awakening of a keener spirit of enterprise among our Indian fellow subjects. At present, industrial undertakings are chiefly dependent on foreign capital, supplemented by the small savings of Anglo-Indians who naturally invest all they can spare in a country where prevalent rates of interest are much higher than in Western Europe. I trust, however, that it will not be long before a great development is witnessed in industrial enterprise, although I must point out that when it takes place, we shall find ourselves in a very different position from that of to-day, as regards the effect on our trade of protective tariffs in foreign countries.

69. Notwithstanding many difficulties, including those to which I have referred, Indian industries are not standing still, and a proof of their steady, though somewhat slow, development is to be found in the figures, I submit, showing the increasing value of importations of mill machinery, iron and steel. We may possibly reach six million sterling for the year 1903-1904.

Value of Imports of Machinery and Millwork and Iron and Steel.

	1900-1901.	1901-1902.	1902-1903.	1903-1904. (Ten months only.)
	£	£	£	£
Machinery and Millwork	1,505,040	2,003,920	1,869,227	1,830,974
Iron and Steel	3,048,421	3,242,613	3,391,015	3,215,772
TOTAL	4,553,461	5,246,533	5,260,242	5,046,746

70. In connection with the question of accumulation of wealth in India we have examined the available statistics showing the net imports of gold and silver, and I submit the figures for decennial periods commencing with that from 1835-36 to that from 1895-96. It will be seen that during the whole period extending over 68 years, the total net imports of treasure have reached the gigantic figure of £414,672,977 which includes gold, approximately 127 millions, and silver upwards of 287 millions. These figures speak for themselves, as a remarkable indication of accumulating wealth.

Net Imports of gold and silver from 1835-36 to 1902-1903 in decennial periods

	Gold.	Silver.	TOTAL.
	£	£	£
1835-36 to 1844-45 (10 years)	2,197,866	13,690,179	15,888,045
1845-46 to 1854-55 (ditto)	6,855,052	10,218,006	17,073,068
1855-56 to 1864-65 (ditto)	34,063,093	66,801,743	100,864,836
1865-66 to 1874-75 (ditto)	24,385,359	41,640,209	66,025,568
1875-76 to 1884-85 (ditto)	17,759,626	43,782,421	61,542,047
1885-86 to 1894-95 (ditto)	10,844,101	69,523,739	80,367,840
1895-96 to 1903-1904 (8 years and 11 months) .	30,006,323	42,905,250	72,911,573
TOTAL 1835-36 TO 1903-1904	126,111,430	288,561,547	414,672,977

E. FG. LAW.

March 23, 1904.

PART II.

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1902-1903.

71. The Accounts of the year show a surplus £3,069,549 being better by 1902-1903. £331,049 than the surplus of £2,738,500 anticipated in the Revised Estimates framed in March last. *General Result of Accounts.*

72. The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 12th instant.

73. The following is a general comparison of the Revised Estimates with 1902-1903. the Accounts of the year :— *Statement of the gross figures.*

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.				
India	£ 76,284,600	£ 76,740,110	£ 455,510	...
England	607,900	694,805	86,905	...
TOTAL	76,892,500	77,434,915	542,415	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local .	55,759,100	56,075,970	...	316,870
Adjustment of Provincial and Local Surplus or Deficit .	+ 56,100	—72,425	128,525	...
NET	55,815,200	56,003,545	...	188,345
England	18,338,800	18,361,821	...	23,021
TOTAL	74,154,000	74,365,366	...	211,366
SURPLUS	2,738,500	3,069,549	331,049	...

74. Both Revenue and Expenditure were higher, in India and also in England, than the amount taken in the Revised Estimate. The net improvement in England was £63,884. In India, it was £138,640. In the Imperial Section of the accounts, there was an improvement of £267,165, while the Provincial and Local Section was worse by £128,525. The latter does not affect the surplus of the year. *1902-1903. General Remarks.*

75. The increase of £455,510 in Revenue in India occurred chiefly under Salt (£144,405), Excise (£49,042), Customs (£90,936), Forests (£33,203), Railways (£107,500) and Army (£124,692), and was partly counterbalanced by a falling off under Land Revenue including that due to Irrigation (£59,162) and Major Irrigation Works (£53,832) besides smaller sums under other heads. The increase under Salt was fairly distributed, but was highest in Bombay and Madras. That under Excise occurred chiefly in Burma and Berar. The increase under Customs was largest under export duty on rice, import duty on silver and other metals, and excise duty on cotton goods. Larger railway earnings were contributed by the East Indian, Rajputana-Malwa, South Indian, and Bombay, Baroda and Central India Railways. The increase in Army Receipts was due to credits for peace equipment taken by certain units to China which were not provided for in the Revised. *1902-1903. Revenue in India.*

1902-1903.
Expenditure in
India.

76. The excess expenditure in India, amounting to £316,870, was made up of increases under a number of heads, of which the most important were £42,411 under Working Expenses of State Railways, £157,517 under Civil Works, and £155,735 under Army. These were partially counterbalanced by smaller decreases under numerous heads.

1902-1903.
Revenue and
Expenditure in
England.

77. The increase in the revenue in England occurred chiefly in Army receipts. Larger allowance than was provided in the estimates was made on account of articles in possession of regiments on their transfer from the Indian to the British establishment; and contributions towards pensions of Native troops lent for Imperial Service were recovered earlier than had been expected. The increase in the expenditure in England is more than accounted for by an increase of £38,349 in the payments for ordnance and other military stores.

Section II.—The Revised Estimate of 1903-1904.

1903-1904.
Statement of the
gross figures.

78. The following is a general comparison of the Budget Estimate with the Revised Estimate of 1903-1904:—

	Budget.	Revised.	Revised, better.	Revised, worse.
REVENUE.				
India	£ 75,699,400	£ 82,348,100	£ 6,648,700	...
England	656,000	719,700	63,700	...
TOTAL	76,355,400	83,067,800	6,712,400	...
EXPENDITURE.				
India —				
Imperial, Provincial, and Local	58,514,900	60,947,900	...	2,433,000
Adjustment of Provincial and Local Surplus or Deficit	—1,383,500	+1,201,200	...	2,584,700
NET	57,131,400	62,149,100	...	5,017,700
England	18,275,300	18,207,500	67,800	...
TOTAL	75,406,700	80,356,600	...	4,949,900
SURPLUS	548,700	2,711,200	1,762,500	...

1903-1904.
General Remarks.

79. During the current year there has been a remarkable development of revenue under almost every important head. Land Revenue, Salt, Excise, Customs, Forests, and Irrigation have all contributed to swell the revenues of the year. But by far the greatest improvement has occurred in the Opium revenue, and in the net earnings of State Railways. The gross receipts from Opium exceeded the Budget by more than 2 crores of rupees, while the net railway earnings were better by more than a crore. The former is perhaps fortuitous and cannot be regarded as other than a fortunate windfall. But the improvement in the Railway revenue receipts, though subject to fluctuation, promises to be progressive, and may fairly be regarded as possessing some of the elements of permanence.

1903-1904.
Allotments to
Local
Governments, etc.

80. Advantage has been taken of this improvement in the financial position to place largely increased allotments at the disposal of Local Governments for provincial expenditure. As explained in paragraph 219, 150 lakhs have been assigned to Bengal, Madras, the United Provinces and Assam to start the new Provincial settlements under favourable conditions. Fifty lakhs have been allotted to Bengal as the Imperial contribution towards the Calcutta Improvement scheme, and 20 lakhs to the Punjab for the extension and improvement of Simla. Grants, aggregating R 17,02,000, have been made to the Central Provinces, United Provinces, Punjab and Bombay for expenditure on minor irrigation works, the drainage of Lucknow, the completion of the St. George's Hospital in Bombay, and a variety of other useful local works. Further grants, aggregating 22 lakhs,

have been made to the eight principal Provinces for expenditure on public parks and gardens, hostels, local museums, and other minor but useful objects which have hitherto had to yield priority to works of more pressing importance. These grants, though made in the Revised Estimate of 1903-1904, will not be actually spent during the year but will go to increase the balances at credit of the Provincial Governments on the 31st March next and will be available for expenditure in 1904-1905 and subsequent years. A grant of 5 lakhs has also been made to the Calcutta Museum in furtherance of an important scheme of reconstruction and rearrangement; of one lakh for much needed structural improvement in the Zoological Gardens; of ₹10,000 to the Asiatic Society of Bengal; and of ₹40,000 for archæological restorations at Mandu.

81. After providing for these special grants, which aggregate ₹2,65,52,000, the Revised Estimates show a surplus of £2,711,200 or ₹4,06,68,000, against ₹948,700 or ₹1,42,30,000 in the Budget. But for the special grants, the surplus would have been ₹6,72,20,000. 1903-1904.
General Results.

82. Of the actual surplus of £2,711,200, it has been decided to set apart a sum of £956,700 for expenditure in the ensuing year on the provision of new artillery and small arms, and in pushing on the scheme of special coast defences to which reference was made in paragraph 234 of the last Financial Statement.

83. Both revenue and expenditure were higher in India than the amounts taken in the Budget Estimate, there being a net improvement of £4,215,700, of which £1,631,000 is in the Imperial Section of the accounts and £2,584,700 in the Provincial and Local Section. The latter does not affect the surplus of the year. In England both revenue and expenditure are better, the total improvement being £131,500. This added to the improvement of £1,631,000 in the Imperial Section in India gives the total improvement of £1,762,500 in the surplus of the year shown in the table above.

84. The only important decrease in revenue in India is under Telegraph, ₹4,30,000, and is due to the diversion of foreign traffic to cable routes *via* South Africa and the Pacific, and to a falling off in transit message receipts in consequence of the reduction of the tariff between India and Europe. There are also small decreases under Jails (₹3,96,000), Miscellaneous (₹2,12,000), Interest (₹2,46,000), and Irrigation Minor Works (₹2,14,000). 1903-1904.
Decrease in
Revenue
in India.

85. Under almost all other heads there is an improvement, the more important items being— 1903-1904.
Increase of
Revenue in
India.

	R	R
Land Revenue, ordinary	22,90,000	
„ due to Irrigation	4,06,000	
		26,96,000
Opium		2,03,24,000
Salt		31,00,000
Stamps		6,19,000
Excise		63,07,000
Customs		47,42,000
Forest		17,87,000
Post Office		5,91,000
Mint		3,51,82,000
Marine		28,69,000
Exchange		5,79,000
State Railways—Gross Receipts		1,61,39,000
Guaranteed Companies—Net Traffic Receipts		4,32,000
Irrigation, Major Works—Direct Receipts		22,28,000
Civil Works		10,03,000
Army		11,17,000

86. The improvement in Land Revenue collections is due mainly to the favourable character of the season, and the re-establishment of normal conditions of prosperity. It occurs chiefly in Madras, ₹9,47,000; Punjab, ₹15,13,000; Bengal, ₹4,13,000; Bombay, ₹4,09,000; and Central Provinces, ₹2,50,000. A part of the improvement in Madras is due to the increases obtained from revision of settlements in some districts being larger than was provided in the Budget Estimate. In the Punjab, it was also due to the extension of canal irrigation and to higher receipts from the sale of waste lands in the Chenab and Jhelum Colonies. There are, on the other hand, decreases of ₹3,10,000 in Assam due to 1903-1904.
Land Revenue.

the postponement of the kist dates for payment; of ₹4,14,000 in Burma due to the failure of crops in parts of Upper Burma; and of ₹2,91,000 in Berar, due chiefly to the cess demand in the Akola District having been wrongly included under this head in the Budget Estimate.

1903-1904.

Opium Revenue.

87. The improvement in Opium revenue is chiefly in Bengal (₹1,73,67,000), Bombay (₹29,60,000) and Burma (₹1,25,000). The prices realised at the sales of Bengal Opium during the current year have been exceptionally high, the average for the year being ₹1,462. The exports of Malwa Opium have also been much larger than was assumed in the Budget, the number of chests weighed being estimated at 26,200 against 19,831 in the previous year. This is attributed partly to the rise in the price of silver, and partly to the depletion of stocks in China in consequence of the failure of the local crop. In Burma the increase has been obtained from the improved arrangements for the prevention of smuggling.

1903-1904.

Salt Revenue.

88. Under Salt, there are increases of ₹32,00,000 in Madras, ₹6,50,000 in Northern India, and ₹4,00,000 in Bengal, while there are decreases of ₹4,00,000 in Burma and ₹7,50,000 in Bombay. The stimulus given to consumption by the reduction of duty is manifested in the increase in the first three provinces though the realisations on the credit sales of the previous year at the old rate of duty account for a large part of the increase in Madras. The Burma Budget was an over-estimate. In Bombay, a large quantity of salt was destroyed by heavy rain early in the year. This, however, appears to have stimulated the consumption of Madras salt by enabling it to displace Bombay salt in some districts.

1903-1904.

Stamps Revenue.

89. The improvement in Stamp Revenue is chiefly in Burma (₹2,50,000), Bengal (₹3,00,000), and the Punjab (₹1,30,000).

1903-1904.

Excise Revenue.

90. Owing to the generally favourable harvests the Excise revenue has grown in all provinces, and the improvement expected in the Budget has been surpassed everywhere except in Bengal. Compared with the Budget the largest increases have occurred in Madras (₹20,00,000), Burma (₹13,00,000), Bombay (₹10,00,000), the United Provinces (₹7,00,000), Berar (₹5,10,000) and the Central Provinces (₹3,88,000).

1903-1904.

Customs Revenue.

91. The improvement in Customs revenue extended to all the maritime provinces except Bengal where there has been a large falling-off in the imports of petroleum and some decrease of cotton goods. In the former case it is evident that Burma oil is taking the place of the foreign product. The continuance of the large imports of silver is remarkable. The articles in which the chief increases and decreases have occurred in all the provinces taken together are:—

Increases in Receipts.

	R
Export duty on rice	25,00,000
Import duty—	
Silver	13,50,000
Other metals and manufactures of metals	5,00,000
Manufactured articles	8,94,000
Spirits and liqueurs	5,00,000
Chemicals	1,25,000
Sugar	1,52,000
Excise duty on cotton manufactures	2,20,000
Land customs and miscellaneous	1,35,000

Decreases in Receipts.

Import duty—	
Petroleum	9,50,000
Cotton manufactures	1,60,000
Sugar countervailing duties	4,71,000

1903-1904.

Forest Revenue.

92. The Forest receipts show an improvement in every province except Bengal and the districts under the administration of the Government of India. The largest increase is in Burma amounting to ₹11,50,000. In this province the revenue experienced a serious decline in 1901-1902, but has since then been growing steadily.

93. The growth of the receipts of the Post Office during the year has been more rapid than was anticipated. 1903-1904.
Post Office
Receipts.

94. The large improvement under Mint is due to the exceptionally heavy coinage of silver which has had to be undertaken in the year as explained in paragraph 19. It does not, however, materially affect the surplus of the year as the whole of the profits of coinage, after deduction of the charges, is paid to the Gold Reserve Fund and is shown as expenditure. 1903-1904.
Mint Receipts.

95. The whole of the balance of the Gold Reserve Fund except a small balance of £5,700 has been remitted to the Secretary of State for investment, and the balance of the Fund now amounts to £6,382,200 of which £6,376,500 is held in Consols and National War and Local Loans Stocks. Gold Reserve
Fund.

96. The increase in Marine receipts is due partly to a change in accounting whereby recoveries on account of stores and labour supplied to the Royal Navy which used to be taken as reduction of expenditure, are now credited as receipts. It is also due in part to recoveries on account of the employment of Royal Indian Marine vessels in connection with the operations in Somaliland. 1903-1904.
Marine Receipts.

97. Under Exchange, there is an increase of R8,74,000 representing the exchange on the net expenditure in England on revenue account, the average rate of exchange for Council Bills and Transfers to date having been 1s. 4'049d. On the other hand, the gain in connection with the transactions of the Southern Mahratta Railway was overestimated to the extent of R1,36,000 and the loss on miscellaneous remittance transactions between England and India is now expected to amount to R1,90,000 against R2,000 taken in the Budget Estimate. 1903-1904.
Exchange.

98. The gross receipts of State Railways are better than the Estimate of March last by R1,61,39,000, but the working of the increased traffic and special renewals of engines and repairs of permanent way, bridges and rolling stock, are likely to cause an increase of R52,88,000 in the working expenses. There is thus a net improvement of R1,08,51,000. There has been a remarkable expansion of traffic on most of the larger systems of Railways except the Rajputana-Malwa, the Bengal-Nagpur and the Indian Midland on which the improvement provided in the Budget Estimate has not been realised. On the Rajputana-Malwa line, there was a serious decline in goods traffic in 1902-1903 on the cessation of the famine conditions of previous years, and a small recovery was anticipated in the Budget Estimate of the current year. Instead of an increase, however, there has been a further considerable decline, owing chiefly to a diversion of the traffic to the Great Indian Peninsula Railway. The goods traffic on the Indian Midland Railway also has been very slack. The lines which have contributed chiefly to the improvement are the North-Western, East Indian, Great Indian Peninsula, South Indian, and Bengal and North Western Railways. On the first named line, where the improvement has been most marked, it was due to very heavy wheat traffic, and also to traffic arising from the Jhelum and Chenab Colonies, as well as to increased mileage and general development. The more important differences are as follows:—

	Receipts.	Working Expenses.	Net Receipts.
	R	R	R
Better than Budget—			
North-Western Railway .	+ 1,07,00,000	+ 16,00,000	+ 91,00,000
East Indian Railway .	+ 23,00,000	...	+ 23,00,000
Great Indian Peninsula Railway .	+ 32,00,000	+ 21,50,000	+ 10,50,000
South Indian Railway .	+ 13,00,000	—75,000	+ 13,75,000
Bengal and North-Western Railway .	+ 15,00,000	+ 7,50,000	+ 7,50,000
Eastern Bengal Railway .	+ 13,00,000	+ 7,50,000	+ 5,50,000
Burma .	+ 12,00,000	+ 11,00,000	+ 1,00,000
Oudh and Rohilkhand Railway .	+ 5,00,000	+ 1,00,000	+ 4,00,000
Worse than Budget—			
Rajputana-Malwa Railway .	—37,00,000	—13,00,000	—24,00,000
Bengal-Nagpur Railway .	—14,00,000	...	—14,00,000
Indian Midland Railway .	—10,00,000	—4,55,000	—5,45,000
North-East Line, Madras Railway .	—1,50,000	+ 5,35,000	—6,85,000

1903-1904.
Guaranteed
Companies—
Net Traffic
Receipts.

99. Both the Bombay, Baroda, Central India, and Madras Railways, which are the only two Railways of this class not yet purchased by Government, have contributed to the increase in the net traffic receipts of Guaranteed Railways. The improvement would have been larger, but for the heavy fall in the earnings of the Rajputana-Malwa Railway which threw a larger share of the combined expenses of the whole system on the Bombay, Baroda and Central India line.

1903-1904.
Irrigation,
Major Works—
Direct Receipts.

100. Of the increase in the Direct receipts from Major Irrigation Works, ₹17,21,000 has occurred in the Punjab owing to the favourable character of the seasons. Almost all the canals in the province have contributed to the improvement.

1903-1904.
Civil Works
Receipts.

101. Under Civil Works there is a special receipt of ₹2,64,000 on account of the sale to the Home Government of buildings on the Somali Coast, and of ₹2,15,000 on account of the sale-proceeds of the residence of the Commissioner of Police, Calcutta. The receipts from the Darjeeling-Himalayan Railway in Bengal as well as those from rents, tolls and ferries in most of the provinces, have been higher than the amounts taken in the Budget Estimate.

1903-1904.
Army Receipts.

102. The increase in Army receipts is due to larger recoveries from the Imperial Government for the peace equipment of native troops on service in China, for Europe stores issued to Somaliland and China, and for mounted infantry ponies sent to Somaliland.

The important increases of expenditure in India are :—

	R
Refunds and Drawbacks	5,65,000
Opium	71,00,000
Mint	3,31,75,000
General Administration	8,64,000
Marine	19,69,000
Miscellaneous	16,31,000
State Railways—Working Expenses	52,88,000
Major Irrigation Works—Working Expenses	6,85,000
Civil Works	20,12,000
Army	30,10,000

1903-1904.
Refunds and
Drawbacks.

103. The excess refunds occur in all provinces except Madras and the United Provinces, but chiefly in Burma, Bengal and Bombay, and the districts administered by the Government of India. They are due partly to larger refunds of Customs duty and partly to special refunds of Salt duty in connection with the reduction in the salt tax in March 1903. There were also larger refunds of Land Revenue, Excise and Tributes in Burma.

1903-1904.
Opium
Expenditure.

104. The Budget provided for the cost of an average Bengal opium crop, but the actual outturn has been exceptionally large, necessitating an increase of ₹71,00,000 in the payments to cultivators.

1903-1904.
Mint Expenditure.

105. Of the total increase in Mint expenditure, ₹3,26,66,000 is accounted for by the payment of the net profits of the rupee coinage of the year to the Gold Reserve Fund. These amounted to ₹3,69,86,000 against ₹43,20,000 provided in the Budget Estimate. The balance represents charges incurred in England on account of remittances of gold from India and of silver purchased for coinage. These charges, though incurred in England, are passed on to India through the remittance account, and appear as Indian expenditure. The cost of extra establishment necessitated by the heavy coinage of the year is also included under this head.

1903-1904.
General
Administration.

106. The increase under General Administration is chiefly accounted for by the cost of new Viceregal railway carriages, the charges on account of His Excellency the Viceroy's tour in the Persian Gulf, and extra charges of the Secretariats, due chiefly to the employment of a number of officers on special duty. There was also some increase in the Central Provinces, in consequence of the transfer of the administration of Berar.

1903-1904.
Marine
Expenditure.

107. As explained in paragraph 96, the greater part of the increase under Marine is due to a change in the system of accounting. The balance is due to work done in connection with the Aden Boundary Commission, His Excellency the Viceroy's tour in the Persian Gulf, the construction of a new vessel to replace the *Pansy*, and the maintenance of three torpedo boats taken over from the Admiralty.

108. Of the increase under Miscellaneous, ₹11,00,000 is on account of remissions of irrecoverable takavi advances in the Central Provinces, and ₹87,000 on account of the remission of the balance of the loan granted to the Chittagong Port Fund for the purchase of the steam tug *Gekko*, as announced by His Excellency the Viceroy in his reply to the addresses presented to him at Chittagong. The remainder of the increase chiefly represents charges of the special Commissions of Enquiry appointed during the year, and the cost of additional elephants acquired for the Khedda operations in Burma.

1903-1904.
Miscellaneous
Expenditure.

109. The increase in working expenses of State Railways has been explained in paragraph 98.

1903-1904.
State Railways—
Working Expenses.

110. Under Major Irrigation Works—Working Expenses, the increase occurs chiefly in the Punjab and Madras, while there is a decrease in Bengal and Bombay. In the former the Indus Inundation canals which used to be classed as a Minor Work are now treated as a Major Work, and unforeseen urgent works have also involved extra expenditure. In Madras the excess is due to the cost of repairing damages caused by heavy floods in the river Kistna.

1903-1904.
Major Works—
Working Expenses.

111. Under Civil Works, there is an increase in all the provinces except Madras, Berar, Burma and the Districts administered by the Government of India. This was due to additional grants having been sanctioned by Local Governments for urgent works from savings under other heads. There was also large special expenditure in connection with the Murtaza-Wana road in the North-West Frontier Province, on the construction of roads in Sikkim, and on the buildings for the Imperial Cadet Corps at Dehra Dun.

1903-1904.
Civil Works
Expenditure.

112. There are as usual a large number of variations between the Budget and the Revised Estimates of Military Expenditure. The absence of troops in Somaliland and China again led to savings which are estimated at ₹20,80,000 and ₹8,52,000, besides ₹6,56,000 on account of stores. Besides this there were savings of ₹10,00,000 on account of food supplies, of ₹3,30,000 in the cost of remounts, of ₹4,25,000 on account of short strength of troops and establishments, and a variety of other reductions, the whole estimated at ₹75,98,000. Against this, however, there was heavy expenditure on account of the Tibet Mission and the military escorts with the Aden and Seistan Delimitation Commissions. The savings on account of the absence of troops across the sea were as usual appropriated for new non-recurring expenditure for the improvement of the army. The more important items leading up to the net excess of ₹30,10,000 were the following:—

1903-1904.
Army Expenditure.

<i>Increases.</i>	<i>₹</i>
Sikkim-Tibet Mission	45,00,000
Military Escort with the Aden Delimitation Commission . . .	25,71,000
" " " " "	2,26,000
Charges for Horse-breeding operations transferred from the Civil to the Military Department	2,84,000
Mounted Infantry ponies purchased in replacement of those sent to Somaliland	2,32,000
Reconstitution of certain Native Corps of the Madras Command	2,17,000
Special expenditure in India sanctioned against savings due to the absence of troops in Somaliland and China—	
Improvement in the pay, etc., of the officers of the Indian Medical Service in Military employ	2,00,000
Purchase of "303" ammunition	1,72,000
Cost of warm coats sent to South Africa and rejected by Military Authorities there	3,05,000
Camps of exercise and Instruction	1,00,000
Reconstruction of Native Infantry lines at Secunderabad, Bellary and Bangalore	1,03,000
Other smaller items	4,49,000
Excess charges for conveyance of troops and stores	4,60,000
Other items	7,89,000
	1,06,08,000
Decreases	75,98,000
Net increase	30,10,000

1903-1904.
Decreases in
Expenditure
in India.

113. Under almost all the remaining heads of importance, the expenditure has fallen short of the provision in the Budget. The following are the more important savings :—

	R
Land Revenue	19,57,000
Telegraph	5,30,000
Law and Justice—Courts of Law	8,92,000
" " Jails	12,79,000
Police	16,14,000
Education	21,51,000
Medical	14,70,000
Political	5,03,000
Scientific and other Minor Departments	6,17,000
Famine Relief	12,24,000
Construction of Protective Railways	7,26,000
Subsidised Companies : Land, etc.	6,59,000
Minor Works	12,44,000
Military Works	5,27,000
Special Defences	14,64,000

1903-1904.
Land Revenue,
Telegraph,
and Civil
Departments
Expenditure.

114. The savings under Land Revenue, Courts of Law, Jails, Police, Education, Medical, and Scientific and other Minor Departments occur in almost all provinces and are due as usual to the tendency of Local Governments to make fuller provision in the Budget Estimates for payment of salaries and other charges than is actually required, and to make allotments for new schemes before they are sufficiently matured to receive sanction. The only noticeable increase in the charges under these heads is one of ₹1,00,000 in Bombay under Courts of Law due to insufficient allowance made in the Budget Estimate for the normal growth of the charges. A part of the decrease under Education is nominal, being counterbalanced by a corresponding increase under Civil Works, as a portion of the grants made to the several Local Governments for Education has been utilised for the construction of Educational buildings, and the expenditure has been shown under the appropriate head. Under Medical there have been large savings on the grants for plague expenditure in the Districts under the direct administration of the Government of India, Bengal, United Provinces, Punjab, and Bombay. The only notable increase in plague expenditure has occurred in Madras. The decrease under Telegraphs follows the reduction in receipts.

1903-1904.
Political.

115. Under Political, there is a saving of ₹6,22,000 in the charges directly administered by the Government of India. The payments to His Highness the Amir have fallen short of the Budget Estimate by ₹15,50,000. On the other hand, there has been considerable extra expenditure on account of the Seistan Arbitration Commission and the Tibet Mission.

1903-1904.
Famine Relief.

116. Provision was made in the Budget Estimate for Famine Relief expenditure for ₹15,00,000 in the Central Provinces and for ₹30,000 in the Punjab. It is satisfactory to note that the necessity for incurring such expenditure has disappeared and that the actual expenditure in the Central Provinces has amounted to ₹3,05,000 only.

1903-1904.
Construction of
Protective
Railways.

117. In the Budget Estimate a sum of ₹23,00,000 was allotted for expenditure on the following famine feeder railways, but the actual expenditure on them during the year is now expected to amount to ₹15,74,000, as shown below, excluding a sum of £22,200 provided in England for payment to the Madras Railway Company by which the construction of the lines is being carried out :—

	Budget.	Revised.
Bellary-Royadrug	15,00,000	{ 8,74,000
Hospet-Kottur		
Morappur-Dharmapuri	8,00,000	{ 1,44,000
Tirupatur-Krishnagiri		
	23,00,000	15,74,000

1903-1904.
Increase in
Expenditure in
England.

124. Under Marine, the increase is chiefly due to the expenditure on the Royal Indian Marine vessel *Dufferin* which is to replace the *Clive*. On the other hand, the provision of £14,000 in the Budget Estimate for subsidy to the Admiralty for manning and maintaining Indian Government Defence vessels has not been required as the expenses of the three torpedo boats, which alone are retained, have been defrayed in India. A sum of £22,200 is required in England by the Madras Railway Company for the four famine feeder lines under construction by it. The total grant for the Railways was provided in the Budget Estimate in India as the arrangements with the Company for the construction of the lines had not been effected at the time when the Budget Estimate was framed. The increase under Military Works is chiefly in the charges for stores, the demands for which have been higher than was expected.

Section III.—The Budget Estimate of 1904-1905.

1904-1905.
Statement of
Gross Figures.

125. The following is a general comparison of the Budget Estimate of 1904-1905 with that of 1903-1904:—

	1903-1904.	1904-1905.	1904-1905, better.	1904-1905, worse.
REVENUE.	£	£	£	£
India	75,699,400	79,601,100	3,901,700	...
England	656,000	547,500	...	108,500
TOTAL	76,355,400	80,148,600	3,793,200	...
EXPENDITURE.				
India—				
Imperial, Provincial and Local .	58,514,900	61,563,300	...	3,048,400
Adjustment of Provincial and Local Surplus and Deficit .	—1,383,500	—1,316,800	..	66,700
NET	57,131,400	60,246,500	...	3,115,100
England	18,275,300	18,983,400	...	708,100
TOTAL	75,406,700	79,229,900	...	3,823,200
SURPLUS	948,700	918,700	...	30,000

1904-1905.
General Remarks.

126. As explained in paragraph 82, it has been decided to apply part of the surplus of 1903-1904 in providing new armaments and carrying out a scheme of special coast defences. The expenditure for which provision has thus been made amounts to £956,700, and although the funds have been obtained from the realized surplus of the previous year, the charge necessarily appears as a debit against the revenue of 1904-1905, in which year the money is expected actually to be spent. But for this charge, the estimated surplus of the year would have been greater than it is by £956,700.

127. In India the net revenue is expected to be better than that taken in the Budget of 1903-1904 by £853,300, of which £786,600 is anticipated in the Imperial portion and £66,700 in the Provincial and Local portion. In England, both revenue and expenditure are expected to be worse, to the aggregate amount of £816,600.

128. The only heads of revenue in India in which an appreciable falling-off is expected are—

	R
Telegraph	6,80,000
Mint	25,60,000
Miscellaneous	4,41,000

1904-1905.
Falling-off in
Revenue.

129. The decrease in Telegraph receipts, including those of the Indo-European Telegraph Department, is due to the diversion of foreign traffic to direct cable routes *via* South Africa and the Pacific, and to the increase in terminal message receipts on the Persian Section being thought unlikely to continue. The receipts under Mint represent chiefly the profits on coinage, which are transferred to the Gold Reserve Fund. The estimate assumes that coinage will be on a lower scale than was anticipated in March 1903. It is however quite impossible to say whether coinage on a large scale will be required or not. Under Miscellaneous, the reduction is mainly due to a lower estimate being taken for Khedda receipts in Burma, and to there being no recoveries to be made in 1904-1905 on account of the Delhi Durbar.

130. An improvement is expected in the revenue in India under almost all the other heads, of which the following are the most considerable items:—

	R	Increase, R
Land Revenue, Ordinary	72,28,000	
„ Due to Irrigation	6,41,000	
Opium		78,69,000
Salt		85,99,000
Stamps		27,00,000
Excise		13,54,000
Customs		81,74,000
Assessed Taxes		45,58,000
Forests		11,56,000
Post Office		16,41,000
Marine		8,08,000
State Railways—Gross Receipts		18,48,000
Guaranteed Railway Companies (Net traffic receipts)		1,81,39,000
Irrigation—Major Works		10,50,000
		19,68,000

1904-1905.
Increase in
Revenue.

131. The anticipated improvement in the Land Revenue extends to all parts of India, but is largest in the Central Provinces (R6,50,000), Burma (R10,16,000), the Punjab (R17,10,000), Madras (R21,18,000), and Bombay (R11,07,000). In each of these Provinces the main cause is the recovery of the country from the famine of 1899-1900, and the re-establishment of normal conditions. Special causes have operated in Burma, where extensions of cultivation, the introduction of higher rates on revision of settlement, and the assessment of all cultivated lands in Magwe and other districts of Upper Burma have raised the probable return; in Madras, where resettlements have taken place in Salem and some other districts; and in the Punjab, where there has been an extension of canal irrigation.

1904-1905.
Land Revenue.

132. Under Opium, the improvement is expected chiefly in Bengal (R72,29,000) and Bombay (R13,10,000). In the estimates framed last March, the average price of Bengal opium was taken at R1,100 a chest. The actual figures have far exceeded this, the average for the year being R1,462. As the demand is still strong, and recent sales show little sign of a falling off, the average for 1904-1905 has been taken at R1,250. The estimate is, however, one of much uncertainty. In Bombay, the demand for Malwa opium has been strong throughout the year, and shows no sign of weakening. The probable revenue has therefore been taken at 115 lakhs, which is higher by R13,10,000 than the Budget Estimate of 1903-1904, though well below the probable actuals of that year.

1904-1905.
Opium Revenue.

1904-1905.
Salt Revenue.

133. The increase in Salt revenue is expected to be general throughout India except in Burma, where the receipts of 1903-1904 were overestimated, and in Bombay, where, however, an advance over the receipts of the current year is anticipated. The experience of the expiring year shows that in framing the estimate for 1903-1904, sufficient allowance was not made for the effect of the reduction of duty in stimulating consumption. Fuller allowance has been made for this factor in the present estimate: but a small reduction, as compared with the probable revenue of 1903-1904, has been made to allow for the effect of credit sales in Madras made at the old rate of duty which have swelled the receipts of the current year.

1904-1905.
Stamp Revenue.

134. An increase in Stamp revenue is expected in Bengal and Burma, and to a less extent in the United Provinces and the Punjab.

1904-1905.
Excise Revenue.

135. With returning prosperity, the Excise revenue has continued to improve. The Revised Estimates show that the expansion has been even greater than was anticipated last March. In view of the favourable character of the recent harvests, it is estimated that this process will continue in the coming year, especially in Burma, the United Provinces, Madras, and Bombay.

1904-1905.
Customs Revenue.

136. The Budget Estimate of Customs revenue is ₹45,58,000 higher than that of the current year, but is ₹1,84,000 lower than the Revised Estimate. In Burma, a decrease is expected in the export duty on rice, the high receipts from which cannot safely be expected to continue for a third year in succession. Elsewhere, a moderate improvement is estimated for.

137. The articles in which the chief increase or decrease is expected, as compared with the Revised Estimate, are the following:—

Decreases—		R
Silver		2,75,000
Rice, export duty		10,00,000
Petroleum		2,00,000
Increases—		
Spirits and Liqueurs		4,00,000
Manufactured articles		3,00,000
Metals and Manufacture of Metals (other than silver)		2,00,000
Cotton goods		3,10,000

1904-1905.
Assessed Taxes.

138. An increase is expected from Assessed Taxes, chiefly in Bombay, Burma and Madras. The extension of the income-tax to Berar is expected to bring in ₹2,89,000.

1904-1905.
Forest Receipts.

139. Forest receipts are expected to be better in every province except the Punjab, but chiefly in Burma where the improvement is estimated at 8 lakhs.

1904-1905.
Post Office
Receipts.

140. A normal growth of revenue is expected from the Postal Department.

1904-1905.
Marine Receipts.

141. The increase under Marine is largely though not entirely due to a change of classification, by which receipts on account of vessels and stores supplied to the Home Government are shown in gross instead of as a deduction from the expenditure.

1904-1905.
Railways—Net
Earnings.

142. Under State and Guaranteed Railways the net earnings are of greater significance than gross receipts. The progress of these has been as follows:—

	Actuals, 1902-1903. R	Budget, 1903-1904. R	Revised, 1903-1904. R	Budget, 1904-1905. R
State Railways—				
Gross receipts	28,70,65,000	29,05,74,000	30,67,13,000	30,87,13,000
Working expenses	14,74,08,000	14,85,49,000	15,38,37,000	15,84,59,000
Net earnings	13,96,57,000	14,20,25,000	15,28,76,000	15,02,54,000
Guaranteed Companies—				
Net traffic receipts	1,41,93,000	1,37,75,000	1,42,07,000	1,48,25,000

1904-1905.
State Railways—
Gross Traffic
Receipts.

143. As explained in paragraph 98, there has been a marked expansion of traffic and of net earnings during the current year, which has extended to all the larger Railway systems except the Rajputana-Malwa and the Bengal-Nagpur, on which the improvement expected last March has not been realized. For 1904-1905, a cautious estimate has been framed providing for an increase of net earnings on State Railways of ₹82,29,000 over the Budget of last year, but less

by ₹26,22,000 than the Revised Estimate. The more important differences, as compared with the Revised Estimate, are anticipated on the following lines :—

	INCREASE +	DECREASE —	
	Receipts.	Working Expenses.	Net Earnings.
	₹	₹	₹
<i>Better than the Revised—</i>			
Rajputana Malwa Railway	+20,00,000	+4,00,000	+16,00,000
Bengal Nagpur Railway	+19,00,000	+5,00,000	+14,00,000
North-East Line, Madras Railway	+1,00,000	—2,85,000	+3,85,000
Oudh and Rohilkhand Railway	+5,00,000	+1,50,000	+3,50,000
Great Indian Peninsula Railway	+10,00,000	+8,00,000	+200,000
<i>Worse than the Revised—</i>			
East Indian Railway	+5,00,000	+9,00,000	—4,00,000
North Western Railway	—42,00,000	+4,00,000	—46,00,000
South Indian Railway	+1,00,000	+6,25,000	—5,25,000
Eastern Bengal Railway	—6,75,000	—2,75,000	—4,00,000

The large decrease estimated for on the North Western Railway is due to the fact that the high earnings of the current year were swollen by an exceptionally heavy wheat traffic, and it is not considered safe to reckon on a continuance of this next year.

144. The estimate of receipts from Major Irrigation Works is taken at ₹2,60,000 less than the Revised Estimate of the current year, which again was ₹22,28,000 better than the Budget framed in March 1903. It is expected that there will be an increase of ₹70,000 in Burma: and that in the Punjab (which supplies the bulk of the revenue under this head), decreases on the Western Jumna, Bari Doab, and Sirhind Canals will be nearly made good by expansion on the Chenab and Jhelum systems.

145. A material decrease of expenditure in India is expected under the following heads :—

	₹	1904-1905. Decrease of Expenditure in India.
Interest on Debt	24,74,000	
Mint	25,88,000	
Miscellaneous	7,46,000	
Famine Relief	15,30,000	
Irrigation—Minor Works	17,59,000	
Construction of Local Railways	4,56,000	

146. There is an increase of ₹38,29,000 in the amount of interest transferred to the Railway and Irrigation accounts, representing the interest on new capital expenditure. This causes a decrease in the charges for interest on debt by an exactly equal amount. The annual payment of 12 lakhs towards the principal of the Gwalior loan also gives a saving of ₹48,000. On the other hand, the interest on the new loan of two crores raised in 1903 will increase the charges by 7 lakhs. A further charge of ₹50,000 is on account of interest on the temporary loan of 50 lakhs obtained from Gwalior in January 1904. The usual provision has also been made for the loan which it is proposed to raise during the current year.

147. The decrease under Mint is due to the smaller coinage expected to be undertaken during the year, involving a smaller payment to the Gold Reserve Fund. It is not, however, possible to frame a reliable estimate of the amount of additional coinage required many months in advance, and the estimate of the current year has been completely falsified.

148. The decrease under Miscellaneous occurs chiefly in the Punjab and to a less extent in Burma, the Central Provinces and the districts directly under the Government of India. In the Punjab the provision for writing-off irrecoverable loans, chiefly in the Rohtak district, is less by ₹6,68,000. In Burma the decrease is in Kheddah charges; and in the Central Provinces it is due to smaller provision for payment to the Chattisgarh zemindars on the resumption of their cattle pounds.

149. In the estimate of the current year, a provision of 15 lakhs was made for Famine Relief in the Central Provinces and of ₹30,000 in the Punjab. For 1904-1905, no provision is considered necessary. As explained in paragraph 211

of the last Financial Statement, this reduction does not affect the surplus of the year.

1904-1905.
Minor Irrigation
Works.

150. The smaller provision for Minor Irrigation Works is due to the fact that in 1903-1904 a special additional grant of 25 lakhs was sanctioned for expenditure under this head, and this has not been repeated in the estimate for next year. The reduction is chiefly in Bengal and the Punjab.

1904-1905.
Construction of
Railways charged
to Provincial or
Local Revenue.

151. The Mayavaram-Mutupet and the Jorhat Railways are the only lines now charged to the head "Construction of Railways charged to Provincial or Local Revenues." The smaller provision is considered sufficient for requirements.

1904-1905.
Increase in
Expenditure in
India.

152. The following are the more important increases in expenditure in India in 1904-1905 over the estimates for 1903-1904 :—

	R
Land Revenue	20,44,000
Opium	40,00,000
Post Office	6,60,000
Telegraphs	4,51,000
General Administration	4,61,000
Courts of Law	5,59,000
Police	2,65,000
Marine	28,20,000
Education	6,29,000
Medical	2,31,000
Political	37,77,000
Superannuations	4,20,000
Construction of Protective Irrigation Works	8,90,000
State Railways—Working Expenses	99,10,000
Interest on Railway Debt	30,79,000
Irrigation—Major Works—	
Working Expenses	9,49,000
Interest on Irrigation Debt	4,37,000
Civil Works	98,87,000
Army	1,37,69,000

1904-1905.
Land Revenue,
Opium, Post Office,
Telegraph,
Civil Departments
and
Superannuation
charges.

153. The increases under Land Revenue, General Administration, Courts of Law, Police, Education, and Medical are distributed throughout all the Provinces of India and represent the additional expenditure to be incurred in improving and developing the ordinary Civil Administration of the country. The increase of ₹4,20,000 under Superannuations represents the normal growth of the pension list. Under Opium, in view of the bumper crop of last season, and the probable extension of cultivation consequent thereupon, it has been thought right to budget for the charges of more than an average crop as is the usual custom. The latest reports moreover indicate that the current season's crop will also be considerably above the average. The increased charge under Post Office and Telegraphs represents expenditure necessitated by the progressive growth of these Departments. In the case of the latter, heavier expenditure is anticipated on repairs, and a provision of ₹2,52,000 has been made for additional stores to be kept in reserve for Military purposes. On the other hand, there is a partial set-off of ₹1,88,000 on account of smaller provision being required for the Central Persian line.

1904-1905.
Marine
Expenditure.

154. The increase under Marine is partly nominal as explained in paragraph 141. It is also due in part to provision being made for hire of transport and other charges in connection with the return of troops from Somaliland and the escort of the Aden Boundary Commission. The budget includes ₹6,75,000 for a new steam pilot vessel for Bengal.

1904-1905.
Political
Expenditure.

155. The increase of ₹37,77,000 under Political is due—

- (1) to provision having been made for the payment of ₹21,50,000 on account of arrears of the Amir's subsidy, in addition to the usual annual provision of ₹18,50,000,
- (2) to grants of ₹8,39,000 and ₹2,00,000 respectively for political expenditure in connection with the Seistan and Tibet Missions, and
- (3) to the reorganization of the Waziristan Militia at a cost of ₹3,36,000.

effective charges there is a net increase of £440,800 representing the difference between a reduction of £219,000 due to decreased payments to the War Office on account of British Forces serving in India, and an increase of £659,800. The chief factor making up the latter is an item of £700,000, representing the cost of the new artillery and rifles with which the Indian Army is to be supplied during the year. Under Special Defences there is a grant of £150,000 for *matériel* in connection with the scheme referred to in paragraph 82.

Apart from military expenditure, the estimates show a net increase of £53,200, which is the difference between the totals of numerous minor variations under many heads. The more important of these are (1) an increase of £56,000 under Post Office, on account of adjustments in respect of past payments to the British Post Office; (2) a decrease of £46,500 under Telegraphs, partly on account of stores, and partly on account of reduced payments to the Joint Purse in respect of the guarantee; (3) an increase of £40,400 on account of part payment for the new Royal Indian Marine Vessel *Dufferin* which is to replace the *Clive*; and (4) an increase of £23,500 in payments to the Madras Railway Company for the construction of Protective Railways.

Section IV.—Statements comparing the figures of the Estimates under the more important heads of Revenue and Expenditure with those of past years.

LAND REVENUE.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irriga- tion)—	R	R	R	R	R	R
India General	12,84,784	14,05,222	12,37,032	14,96,000	14,62,000	14,56,000
Central Provinces	47,00,227	86,85,541	79,11,373	82,50,000	85,00,000	89,00,000
Burma	3,19,95,535	3,31,48,222	3,33,74,368	3,54,14,000	3,50,00,000	3,64,30,000
Assam	62,14,697	61,67,279	64,58,053	63,10,000	60,00,000	65,06,000
Bengal	4,08,24,103	4,08,11,631	4,11,49,522	4,07,17,000	4,11,30,000	4,11,50,000
United Provinces of Agra and Oudh	6,53,18,314	6,45,25,467	6,41,12,450	6,48,35,000	6,50,00,000	6,52,87,000
Punjab	2,43,74,961	2,64,16,932	2,30,31,032	2,39,34,000	2,51,47,000	2,56,44,000
N.-W. Frontier Province . . . . .	...	8,97,627	17,18,531	18,27,000	18,75,000	19,00,000
Madras	5,82,68,478	5,87,40,216	6,13,34,153	5,99,78,000	6,09,25,000	6,20,96,000
Bombay	4,08,00,606	4,57,23,091	4,14,33,606	4,83,96,000	4,88,05,000	4,95,03,000
Berar . . . . .	...	...	70,00,389	81,15,000	78,24,000	82,69,000
TOTAL	27,37,81,705	28,65,21,228	28,87,68,569	29,92,72,000	30,19,68,000	30,71,41,000
Shown under XXIX. —Irrigation	1,12,36,246	1,22,00,957	1,22,15,889	1,26,26,000	1,30,32,000	1,32,67,000
Shown under I.— Land Revenue	26,25,45,459	27,43,20,271	27,65,52,680	28,66,46,000	28,89,36,000	29,38,74,000
EXPENDITURE—						
India—						
District Adminis- tration	1,97,31,766	1,98,39,403	2,02,44,519	2,13,23,000	2,06,63,000	2,16,04,000
Other Charges	2,24,99,584	2,30,76,569	2,33,95,466	2,64,10,000	2,51,13,000	2,81,73,000
TOTAL	4,22,31,350	4,29,15,972	4,36,39,985	4,77,33,000	4,57,76,000	4,97,77,000
England—						
Other Charges	£ 176	£ 670	£ 148	£ 900	£ 700	£ 900

162. The figures have been explained in sufficient detail in paragraphs 86 and 131. Now that the effects of the famine of 1899-1900 have passed away, the revenue grows steadily, under the influence of extension of cultivation, the regular revision of settlements, and the development of canal irrigation.

OPIUM.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of	R	R	R	R	R	R
Opium	6,16,38,731	6,22,54,350	5,49,39,005	5,28,00,000	7,01,75,000	6,00,00,000
Bombay—Pass Fees .	1,25,26,750	81,40,250	99,15,500	1,01,50,000	1,31,00,000	1,14,60,000
Excise Opium and other Revenue . .	23,68,152	23,85,734	26,22,071	27,77,000	27,76,000	28,66,000
TOTAL	7,65,33,633	7,27,80,334	6,74,76,576	6,57,27,000	8,60,51,000	7,43,26,000
Expenditure—						
Payments to Cultivators, including purchase of Opium	2,42,81,523	2,16,45,838	2,22,84,345	2,35,00,000	3,07,02,000	2,74,12,000
Other Charges . . .	24,80,036	24,55,486	23,76,208	25,38,000	24,36,000	26,26,000
TOTAL	2,67,61,559	2,41,01,324	2,46,60,553	2,60,38,000	3,31,38,000	3,00,38,000
ENGLAND.						
Other Charges . .	£ 1,771	£ 1,935	£ 4,446	£ 2,900	£ 3,700	£ 1,400
Statistics—						
Bengal—						
Chests sold . . .	45,300	48,000	48,000	48,000	48,000	48,000
Average Price . .	₹1,361	₹1,297	₹1,144	₹1,100	₹1,462	₹1,250
Chests produced .	52,443	44,457	44,724	...	64,739	...
Chests in Balance, March 31	57,845	54,303	51,025	...	67,764	...
Reserve, December 31	17,406	21,846	18,300	15,023	15,025	31,764
Bombay—						
Chests passed for export	25,053½	16,280	19,831	20,300	26,200	22,920
Rate of duty . .	₹500	₹500	₹500	₹500	₹500	₹500

163. The quantity of Bengal opium to be sold is, as usual, taken at 48,000 chests. In view of the high average price obtained during the current year, especially at the sales of February and March, the average price for 1904-1905 has been taken at ₹1,250, but it is impossible to foresee what effect the war in the Far East may have on the trade. The Malwa trade has also been brisk, and a moderate increase is allowed for, though not to the full amount of the probable receipts during the current year.

164. Under 'Charges,' it is usual to budget for the payments required in respect of an average crop. Last season's crop, however, was a bumper one, and the budget provision has been largely exceeded. The latest reports indicate that the crop of the present season will also be considerably above the average; and it has therefore been thought prudent to frame the estimate for 1904-1905 on a liberal scale.

SALT.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Northern India (a) .	2,07,14,238	1,90,47,984	1,97,31,548	1,60,00,000	1,66,50,000	1,69,00,000
Burma (b)	13,40,785	15,28,881	18,30,199	19,00,000	15,00,000	16,00,000
Bengal (b)	2,54,35,094	2,60,37,624	2,67,94,565	2,12,00,000	2,16,00,000	2,20,00,000
Madras (a)	1,86,26,189	1,91,53,622	2,03,16,107	1,63,00,000	1,95,00,000	1,80,00,000
Bombay (a)	2,33,89,210	2,33,21,533	2,40,93,650	1,89,00,000	1,81,50,000	1,85,00,000
TOTAL	8,95,05,516	8,90,89,644	9,27,66,069	7,43,00,000	7,74,00,000	7,70,00,000
CHARGES.	R	R	R	R	R	R
India	50,47,501	51,41,683	51,86,238	54,63,000	49,81,000	56,35,000
England	£ 433	£ 851	£ 142	£ 100	£ 2,000	£ 900

(a) Chiefly excise on local manufacture. (b) Chiefly duty on imported salt.

165. The effect of the reduction of duty in March 1903 has been partially obscured by the destruction of a large quantity of salt in Bombay by storm. The figures of consumption show a large increase in Madras and Northern India and a considerable falling off in Bombay and Burma. In the last named province there was no reduction of duty. Excluding Burma the returns for the first 10 months of the year show an increase of 670,000 maunds passed into consumption, compared with the same period of the previous year. This represents an increase of 2·3 per cent. The reduction in retail price has varied very considerably in different parts, but has commonly been from $1\frac{1}{2}$ to 2 seers per rupee.

STAMPS.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Court Fees and Plain Paper	3,42,62,137	3,58,65,792	3,58,89,411	3,65,74,000	3,69,85,000	3,74,58,000
Commercial and other Stamps	1,49,69,527	1,49,00,263	1,51,99,912	1,56,85,000	1,58,16,000	1,61,38,000
Other Revenue	9,12,553	9,30,028	10,16,344	9,44,000	10,21,000	9,61,000
TOTAL	5,01,44,217	5,16,96,083	5,21,05,667	5,32,03,000	5,38,22,000	5,45,57,000
CHARGES.						
India	11,12,809	11,43,750	11,61,149	12,10,000	11,93,000	12,12,000
England (Stores)	28,752	29,567	31,898	44,800	44,000	37,500

166. The revenue continues to improve steadily except in the Central Provinces and Assam.

EXCISE.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Burma	53,29,888	54,24,494	57,64,960	60,00,000	73,00,000	79,00,000
Bengal	1,46,48,357	1,50,25,698	1,57,87,914	1,61,00,000	1,61,00,000	1,65,00,000
United Provinces of Agra and Oudh	69,00,211	74,10,028	83,23,741	87,00,000	94,00,000	98,00,000
Madras	1,35,87,398	1,43,08,674	1,56,16,618	1,55,50,000	1,75,50,000	1,76,50,000
Bombay	1,01,31,046	1,05,34,745	1,08,49,937	1,09,00,000	1,19,00,000	1,20,00,000
Berar . . . . .	...	...	9,14,176	14,00,000	19,10,000	19,50,000
Other Provinces	84,61,132	84,46,575	91,42,283	89,26,000	97,23,000	99,50,000
TOTAL	5,90,58,032	6,11,50,214	6,63,99,629	6,75,76,000	7,38,83,000	7,57,50,000
CHARGES.						
India	24,16,769	24,91,879	28,37,618	36,29,000	32,14,000	37,57,000
England	58	30	9	...	200	...

167. The figures have been explained in paragraphs 90 and 135.

The revenue was underestimated in Madras and Burma, but exceeded expectations everywhere, except in Bengal. In Burma the new preventive arrangements have had a marked effect on the receipts.

PROVINCIAL RATES.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
District Local Funds	2,30,41,963	2,44,62,708	2,44,71,407	2,54,10,000	2,53,89,000	2,57,04,000
Provincial Cesses, including Famine Insurance	66,43,400	68,97,833	69,19,660	70,04,000	69,81,000	70,77,000
Village Service and Patwaris	72,97,805	81,79,374	81,47,838	77,23,000	79,78,000	80,97,000
Other Cesses	14,57,524	16,07,402	16,71,949	16,30,000	16,10,000	16,07,000
TOTAL	3,84,40,692	4,11,47,317	4,12,10,854	4,17,67,000	4,19,58,000	4,24,85,000
CHARGES	5,09,616	6,36,825	6,28,226	6,98,000	5,74,000	6,21,000

163. The receipts commonly follow the fluctuations in Land Revenue. They improved most in the Punjab and Madras. In the latter province the reduction in the rate of the village cess from 9 to 8 pies in the rupee tended to lower the revenue, but to a less extent than had been anticipated.

CUSTOMS.

SEA CUSTOMS. IMPORTS.	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
<i>Special Import Duties.</i>	R	R	R	R	R	R
Arms, Ammunition, and Military Stores	2,82,800	3,58,820	3,57,148	4,00,000	3,45,000	3,60,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,01,330	2,29,381	2,39,294	2,35,000	2,50,000	2,60,000
Spirits and Liqueurs	64,05,640	64,96,868	69,63,189	69,00,000	74,00,000	78,00,000
Wines	3,64,647	3,49,553	3,91,230	3,65,000	3,80,000	3,80,000
Opium	2,494	3,419	3,840	...	3,000	3,000
Petroleum	49,27,117	52,58,383	53,76,744	53,50,000	44,00,000	42,00,000
Sugar (countervailing duties, 1899)	22,70,651	40,48,294	17,04,465	6,00,000	2,12,000	50,000
Do. (do., 1902)	...	...	3,32,703	1,00,000	17,000	...
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	16,03,999	15,13,581	14,57,463	15,00,000	15,60,000	15,70,000
Sugar (ordinary duties)	29,86,290	31,93,443	25,12,899	28,00,000	29,50,000	29,50,000
Chemicals, Drugs, Medicines and Narcotics						
and Dyeing and Tanning Materials	11,09,380	12,09,503	12,07,077	12,50,000	13,75,000	14,20,000
Cotton Manufactures	93,45,121	1,03,75,536	96,15,217	98,00,000	96,40,000	99,50,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	13,34,953	30,63,948	39,40,632	28,50,000	42,00,000	39,25,000
Other Metals and Manufactures of Metals	22,19,038	23,40,000	30,62,040	28,00,000	33,00,000	35,00,000
Oils (excluding Petroleum)	1,56,605	2,32,662	1,41,712	1,68,000	95,000	90,000
Manufactured Articles	58,76,562	61,17,900	61,37,209	61,06,000	70,00,000	73,00,000
Raw Materials and Unmanufactured Articles	9,66,223	8,86,010	8,27,951	8,76,000	8,60,000	9,00,000
TOTAL IMPORTS	4,00,52,850	4,56,77,326	4,42,70,813	4,21,00,000	4,39,87,000	4,46,58,000
EXCISE DUTY ON COTTON GOODS	12,11,917	17,67,498	18,66,213	18,00,000	20,20,000	21,50,000
EXPORT DUTIES—						
Rice	85,26,079	91,76,822	1,26,55,716	95,00,000	1,20,00,000	1,10,00,000
LAND CUSTOMS AND MISCELLANEOUS	7,83,111	8,73,642	8,71,796	8,00,000	9,35,000	9,50,000
GRAND TOTAL	5,05,73,957	5,74,95,288	5,96,64,538	5,42,00,000	5,89,42,000	5,87,58,000
Charges	24,27,076	24,19,723	24,17,843	26,53,000	25,09,000	26,96,000

169. The fluctuations in the estimates have been explained in paragraphs 91 and 136. The continued large imports of silver are a remarkable feature of the last three years, and afford an index of the increasing prosperity of the country. The growth of the receipts from the Excise duty on cotton goods, from Rs. 11,23,000 in 1896-97 to nearly double that figure in the present year, is striking evidence of the healthy vitality of this important industry. The reduced receipts from petroleum are due to the displacement of Russian and American oil by oil from Burma.

The charges in Bengal were swelled by the refund of the share of overtime fees which had been credited to Government, and which it has been decided to return to the Preventive and Custom House staff.

ASSESSED TAXES.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Deduction by Government from Salaries, Pensions, and Interest payments.	44,96,603	45,44,754	46,46,579	40,93,000	41,62,000	42,22,000
Other Collections.	1,53,34,799	1,59,94,900	1,65,09,844	1,37,09,000	1,40,55,000	1,47,36,000
TOTAL	1,98,31,402	2,05,39,654	2,11,56,423	1,78,02,000	1,82,17,000	1,89,58,000
Charges	3,35,967	3,57,348	3,62,255	3,78,000	3,51,000	3,30,000

170. The exemption of all incomes below **Rs 1,000** was estimated to involve a loss of revenue of **Rs 36 lakhs**, but the actual loss has been somewhat less. It is not yet known exactly what proportion of the whole number of assesseees has obtained exemption. The tax will be extended to Berar next year and is expected to bring in **Rs 2,89,000**.

FOREST.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Revenue . . .	1,94,67,941	1,73,60,322	1,94,71,540	1,97,81,000	2,15,68,000	2,14,22,000
Expenditure . . .	1,09,24,937	1,05,20,701	1,12,49,331	1,30,67,000	1,24,23,000	1,34,01,000
NET . . .	85,43,004	68,39,621	82,22,209	67,14,000	91,45,000	80,21,000
Equivalent in Sterling .	£ 569,534	£ 455,975	£ 548,148	£ 447,500	£ 609,700	£ 534,700
Expenditure in England .	1,835	4,201	1,828	1,800	2,600	1,300
NET REVENUE . . .	567,699	451,774	546,320	445,700	607,100	533,400

171. Burma is responsible for almost the whole of the improvement, but there was some advance in the United Provinces; while in the Central Provinces the actual falling-off was less than had been anticipated.

INTEREST RECEIPTS.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India	89,26,309	1,06,27,928	1,06,55,278	1,05,09,000	1,02,63,000	1,09,35,000
England	£ 56,392	£ 77,151	£ 157,315	£ 30,000	£ 133,000	£ 40,000

172. The increase in 1904-1905 arises chiefly from the large advances given to the Simla-Kalka Railway. The large increase in receipts in England was due to larger sums having been available for investment, and to a better rate of interest having been obtained upon them. The reduction in receipts in India in the current year is partly due to the remission of interest on loans granted to Native States for expenditure on famine relief, as announced by His Excellency the Viceroy on 1st January 1903. These remissions appear in the accounts in the form of a reduction in receipts under this head. In addition to remitting the interest on the loans directly granted by the Government of India, Government also undertook to pay the interest on loans of a similar character raised by the Native States in the open market on a Government guarantee. These payments appear in the accounts as charges under the head 32.—Miscellaneous. The total value of both concessions is nearly 27½ lakhs and is distributed over four years as follows :—

	1902-1903, Accounts.	1903-1904, Revised.	1904-1905, Budget.	1905-1906, Forecast.	TOTAL.
	R	R	R	R	R
Remission of interest on Government loans	3,44,001	7,96,255	7,26,696	3,94,427	22,61,379
Payment of interest on guaranteed loans	56,565	70,187	3,19,417	41,131	4,87,300
TOTAL	4,00,566	8,66,442	10,46,113	4,35,558	27,48,679

INTEREST EXPENDITURE.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
Interest on Debt—	R	R	R	R	R	R
India	4,05,50,556	4,03,88,541	4,09,18,933	4,15,70,000	4,18,00,000	4,29,25,000
Deduct charged to—						
Irrigation	1,38,19,929	1,41,61,844	1,45,36,567	1,49,15,000	1,48,95,000	1,53,52,000
Railways	4,65,59,768	4,78,23,864	4,99,00,997	5,21,33,000	5,25,22,000	5,55,25,000
Balance charged to Interest	-1,98,29,141	-2,15,97,167	-2,35,18,631	-2,54,78,000	-2,56,17,000	-2,79,52,000
Equivalent in sterling England	£ -1,321,943 3,098,349	£ -1,439,811 3,003,726	£ -1,567,909 3,003,159	£ -1,698,500 2,986,600	£ -1,707,800 2,986,200	£ -1,863,500 2,994,700
TOTAL	1,776,406	1,563,915	1,435,250	1,288,100	1,278,400	1,131,200
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1	232,036	245,797	260,001	284,700	281,300	303,000
Other items	130,504	134,026	137,434	133,800	139,100	142,100
TOTAL £	2,138,946	1,944,338	1,832,685	1,706,600	1,698,800	1,576,300
Debt outstanding, March 31—	£	£	£	£	£	£
Sterling	133,435,379	134,307,090	133,796,261	133,838,290	133,196,261	134,094,161
Rupee Debt—	R	R	R	R	R	R
4 per cent	4,83,61,850	4,71,61,750	4,59,61,550	4,47,61,750	4,47,61,550	4,35,61,550
3½ per cent	98,15,11,700	99,15,12,200	1,00,05,18,700	1,02,65,12,200	1,02,65,18,700	1,05,65,18,700
3 per cent	11,07,07,200	11,07,07,200	11,07,08,300	11,07,07,200	11,07,08,300	11,07,08,300
Other Debt	1,27,38,308	1,25,32,683	1,23,52,110	1,21,82,683	1,22,52,110	1,21,52,110
Savings Bank Balances	11,68,25,091	12,36,16,334	13,27,61,060	13,98,96,334	14,31,58,060	15,28,08,660

173. An increase in the Savings Bank deposits of Rs 50,20,000 is expected in the current year, apart from interest. For 1904-1905, the net deposit is estimated at Rs 40,00,000.

POST OFFICE.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
India —	R	R	R	R	R	R
Revenue	2,03,57,340	2,07,55,636	2,14,49,028	2,16,21,000	2,22,12,000	2,24,29,000
Expenditure	1,68,73,414	1,77,83,206	1,87,02,940	2,00,38,000	1,96,53,000	2,06,98,000
NET REVENUE IN INDIA	34,83,926	29,72,430	27,46,088	15,83,000	25,59,000	17,31,000
Equivalent in sterling	£ 232,262	£ 198,162	£ 183,072	£ 105,500	£ 170,600	£ 115,400
Net Expenditure in England	97,320	95,077	99,915	98,500	104,700	151,000
TOTAL NET REVENUE	134,942	103,085	83,157	7,000	65,900	- 35,600

174. The above statement shows the revenue and expenditure brought to account under the head Post Office in the Finance and Revenue Accounts. To obtain a correct idea of the true profit and loss on the working of the Postal

Service, various adjustments are necessary. These are exhibited in the following statement :—

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
TOTAL NET REVENUE	20,24,130	15,46,275	12,47,353	1,05,000	9,89,000	—5,34,000
<i>Add—</i>						
Authorised Adjustments	2,40,000	2,10,000	2,76,000	5,76,000	5,76,000	5,76,000
Cost of Savings Bank: out-of-pocket expenses	3,60,000	3,60,000	3,79,500	3,90,000	3,90,000	3,90,000
Allowance for undercharge in official rates of postage	45,00,000	45,00,000	46,20,000	47,25,000	47,25,000	47,70,000
TOTAL PROFIT OF THE POSTAL SERVICE	71,24,130	66,16,275	65,22,855	57,96,000	66,80,000	52,02,000

175. The adjustments include both credits and debits. Among the former are the following, *vis.* :—

- (1) Charges on account of District Post establishments, which are debited to the Post Office but are met from special cesses ; and
- (2) Share of Subsidies, which are debited to the Post Office, but which really appertain in whole or in part to other Departments, such as Military or Political.

Among debits there are the following :—

- (1) District Post collections.
- (2) Value of free services rendered by Railways.
- (3) Rent of Government buildings.
- (4) Pensionary charges and gratuities.

TELEGRAPH.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Revenue Accounts—						
Revenue	1,32,78,032	1,34,94,365	1,30,62,086	1,31,00,000	1,26,70,000	1,24,20,000
Expenditure	77,55,447	82,59,928	86,33,598	91,77,000	87,83,000	94,92,000
NET	55,22,585	52,34,437	44,28,488	39,23,000	38,87,000	29,28,000
Equivalent in sterling	£ 363,172	£ 348,962	£ 295,233	£ 261,500	£ 259,100	£ 195,200
Net Expenditure in England	51,825	68,864	65,817	99,100	65,400	70,400
	+ 316,347	+ 280,098	+ 229,416	+ 162,400	+ 193,700	+ 124,800
Capital Expenditure—						
India (converted at R15 = £1)	39,028	57,994	71,212	108,200	99,100	117,300
England	164,190	218,182	190,967	184,100	185,500	171,000
	203,218	276,176	262,179	292,300	284,600	288,300
TOTAL NET REVENUE	113,129	3,922	—32,763	—129,900	—90,900	—163,500

176. The variations in revenue and expenditure have been explained in paragraphs 84, 114, 129 and 153. Of the decrease in the Revised Estimate of the current year, R1,00,000 is expected in Indian revenue, and R3,30,000 in the receipts from the Indo-European Telegraph Department. The reduction in expenditure in England on revenue account is mainly due to smaller payments on account of the guarantee (£16,500 instead of £38,000) in connection with the reduced rate for foreign telegrams. When the tariff for foreign messages was reduced from 4s. to 2s. 6d. a word from 1st March 1902, the Government of India undertook to make good to the Joint Purse the loss of revenue involved,

up to a maximum of £45,000 a year. For the first year, allowing for some increase of traffic, it was estimated that the payment under this guarantee would amount to £38,000. In fact, however, the traffic has increased in a far higher degree, and the actual payment required has been only £16,500. During the current year the traffic has continued to grow, and it is now estimated that only £12,300 will be payable in 1904-1905. Allowance has been made in the estimate for next year for the recent reduction in the tariff for inland telegrams.

The increase in Capital expenditure in India, in the ensuing year, is due to provision having been made for extra mobilisation stores. The increase in revenue expenditure is due to heavier repairs of lines being anticipated, and to increased maintenance charges of signalling offices.

MINT.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	4,75,92,732	83,29,925	61,68,083	55,01,000	4,06,83,000	29,41,000
Expenditure . .	4,70,95,788	73,71,901	62,34,258	59,75,000	3,91,00,000	33,87,000
NET REVENUE . .	4,96,944	9,58,024	—66,175	—4,74,000	15,33,000	—4,46,000
Equivalent in sterling . .	£	£	£	£	£	£
Net expenditure in England . . .	33,130	63,868	—4,411	—31,600	102,200	—29,700
	13,014	12,528	8,365	5,900	7,100	6,300
TOTAL NET REVENUE	20,116	51,340	—12,776	—37,500	95,100	—36,000

177. These figures have been explained in paragraphs 94, 105, 129 and 147. Just before the close of the previous year, £300,000 worth of silver was purchased, and this was coined into rupees during the current year. In addition to this, the very large sum of 4½ millions sterling worth of silver has been purchased during the course of the year in England and in India, and the greater part of this will have been coined by the end of the present month. The profit on this coinage is expected to amount to ₹3,69,86,000, which has been, or will on completion be, transferred to the Gold Reserve Fund and invested.

The withdrawal and recoinage of the 1835 and 1840 rupees were continued during the year, 491 lakhs of these having been called in and recoinage, in addition to over 50 lakhs which are awaiting recoinage at the present time.

CIVIL DEPARTMENTS.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
INDIA.	R	R	R	R	R	R
General Administration	1,62,67,295	1,65,54,642	1,89,62,104	1,71,32,000	1,79,96,000	1,75,93,000
Law and Courts . .	3,18,60,797	3,23,58,574	3,32,26,413	3,49,05,000	3,40,13,000	3,54,61,000
Justice. { Jails . .	1,19,55,882	1,15,61,297	1,08,81,591	1,16,96,000	1,04,17,000	1,13,40,000
Police	4,37,51,116	4,43,41,080	4,52,71,032	4,74,57,000	4,58,43,000	4,77,22,000
Marine	35,68,472	42,58,472	40,20,772	43,94,000	63,63,000	72,14,000
Education	1,63,26,203	1,69,43,997	1,94,36,735	2,27,66,000	2,06,15,000	2,33,95,000
Ecclesiastical . . .	17,33,963	16,84,155	16,55,652	17,80,000	16,84,000	18,46,000
Medical	1,40,38,220	1,28,87,984	1,42,81,869	1,54,43,000	1,39,73,000	1,56,74,000
Political	84,41,227	1,02,00,690	1,21,83,251	1,11,66,000	1,06,63,000	1,49,43,000
Scientific and Minor Departments . . .	63,82,287	70,79,786	71,24,439	81,87,000	75,70,000	77,21,000
TOTAL INDIA . . .	15,43,25,462	15,78,70,677	16,70,43,858	17,49,32,000	16,91,37,000	18,29,12,000
ENGLAND.	£	£	£	£	£	£
General Administration	255,196	259,112	251,474	281,400	27,000	268,200
Marine	352,023	314,351	247,914	254,300	207,600	280,200
Other heads	76,039	48,624	53,598	49,100	56,400	53,100
TOTAL ENGLAND . .	683,258	622,087	552,986	584,800	603,000	601,500

178. The only important variation not already explained is the decrease under Scientific and Minor Departments. This is partly nominal and due to the transfer of horse-breeding operations to the Military Department. In part also it is due to reduced expenditure on the Survey of India; to a grant for diamond drilling not having been utilized by the Geological Survey Department; and to the abolition of the Aluminium Department in Madras.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
INDIA.	R	R	R	R	R	R
Territorial and Political Pensions	38,77,633	38,04,743	38,70,229	39,28,000	37,25,000	36,83,000
Civil Furlough and Absentee Allowances	23	11,492	5,480	12,000	11,000	8,000
Superannuation Allowances and Pensions	1,14,05,469	1,16,83,183	1,21,31,479	1,25,92,000	1,26,29,000	1,30,12,000
Stationery and Printing	66,29,107	67,03,453	70,25,848	68,86,000	68,29,000	68,20,000
Exchange	4,77,736	...	...	...	...	...
Miscellaneous	26,93,294	45,39,511	85,09,175	42,66,000	58,97,000	35,20,000
TOTAL INDIA	2,50,83,262	2,67,42,382	3,15,42,211	2,76,84,000	2,90,91,000	2,70,43,000
ENGLAND.	£	£	£	£	£	£
Civil Furlough and Absentee Allowances	250,864	251,807	244,026	257,500	237,500	257,500
Superannuation Allowances and Pensions	1,950,936	1,976,705	2,006,754	2,029,500	2,020,500	2,026,500
Other Heads	113,352	128,045	140,396	107,800	111,800	92,600
TOTAL ENGLAND	2,315,152	2,356,557	2,391,176	2,394,800	2,369,800	2,376,600

179. The figures have been explained in paragraphs 108 and 148. The following statement shows the amount of agricultural loans written off, and charged under the head Miscellaneous :—

PROVINCE.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget Estimate.
		Budget Estimate.	Revised Estimate.	
	R	R	R	R
Bombay	26,75,809	2,12,000	2,00,000	...
Central Provinces	39,769	1,00,000	12,00,000	1,00,000
United Provinces of Agra and Oudh	1,50,041	5,000	10,000	5,000
Punjab	2,59,651	6,91,000	6,44,000	23,000

FAMINE RELIEF AND INSURANCE.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Famine Relief	6,18,78,449	79,37,720	48,22,634	15,30,000	3,06,000	...
Construction of Protective Railways . . . . .	...	...	24,375	23,00,000	19,07,000	22,06,000
Construction of Protective Irrigation Works	4,66,710	10,60,386	14,21,131	25,00,000	22,38,000	35,00,000
Reduction or Avoidance of Debt . . . . .	...	42,69,574	84,70,500	86,70,000	87,96,000	81,91,000
TOTAL	6,23,45,159	1,32,67,680	1,47,38,640	1,50,00,000	1,32,47,000	1,38,97,000
Net charge on account of the Bengal-Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	1,42,838	17,32,320	2,61,360	...	17,53,000	11,03,000
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT	6,24,87,997	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000

180. The figures have been explained in paragraphs 116, 117, 149 and 156. The increase in the current year in the net charge on account of the Bengal-Nagpur and the Indian Midland Railways is chiefly due to the inclusion for the first time of interest charges amounting to ₹12,26,000 on the northern section of the East Coast Railway, which is worked by the Bengal-Nagpur Railway. Till 1902, it was commonly held that there was no scope for the further construction of purely protective railways, i.e., of lines which are valuable for opening up areas liable to famine, but which are not likely to pay interest on the cost of construction. This view no longer prevails, and a series of small but useful lines have been undertaken in Madras, and are being financed from the Famine Grant.

181. The information given in paragraph 255 of the last Financial Statement is repeated and brought up to date below.

Statement showing the Disposal of the Provision made in 1877-78 for Famine Relief and Insurance.

[Rupee figures are converted into sterling at 15 to the £.]

YEARS.	Revenue provided by Measures of 1877-78.	DISPOSAL OF THE REVENUE PROVIDED.						BALANCE ON THE YEAR.		Balance at credit from the commencement of the scheme to the end of the year.	
		EXPENDITURE ON FAMINE RELIEF.		EXPENDITURE ON PROTECTIVE WORKS, INCLUDING NET CHARGE FOR INDIAN MIDLAND AND BENGAL-NAGPUR RAILWAYS.		AMOUNT APPLIED IN REDUCTION OF DEBT.					TOTAL EXPENDITURE.
		In India at Rs = £1.	In England £.	In India at Rs = £1.	In England £.	In India at Rs = £1.	In England £.	Credit.	Debit.		
	£	£	£	£	£	£	£	£	£	£	
1878-79 .	1,000,000	208,549	597	...	...	...	...	209,146	790,854	...	790,854
1879-80 .	1,000,000	69,098	343	...	...	...	...	69,441	930,559	...	1,721,413
1880-81 .	1,000,000	21,759	1,331	...	...	...	...	23,590	976,410	...	2,697,823
1881-82 .	1,000,000	23,123	165	545,235	...	116,035	...	684,553	315,442	...	3,013,265
1882-83 .	1,000,000	14,735	...	86,876	...	385,094	...	486,705	513,295	...	3,526,560
1883-84 .	1,000,000	6,064	89	621,626	26	6,243	1,001,393 ¹	1,635,441	...	635,441	2,891,119
1884-85 .	1,000,000	4,900	...	799,663	...	1,747	...	806,316	193,684	...	3,084,803
1885-86 .	1,000,000	27,130	...	517,205	22,263	100	...	566,698	433,302	...	3,518,105
1886-87 .	1,000,000	694	...	205,319	110,323	...	...	316,236	683,664	...	4,201,769
1887-88 .	1,000,000	268	...	60,671	200,815	...	...	261,754	738,246	...	4,940,015
1888-89 .	1,000,000	5,199	...	59,968	331,586	...	...	396,753	603,247	...	5,543,262
1889-90 .	1,000,000	45,525	...	—39,185 ²	408,745	...	...	415,135	584,865	...	6,128,127
1890-91 .	1,000,000	3,719	...	—45,645 ²	471,231	...	...	429,307	570,693	...	6,698,820
1891-92 .	1,000,000	15,615	...	51,284	500,245	...	...	567,144	432,856	...	7,131,676
1892-93 .	1,000,000	47,227	...	408,728	509,524	...	...	965,479	34,521	...	7,166,197
1893-94 .	1,000,000	331	...	425,677	515,531	...	...	941,539	58,461	...	7,224,658
1894-95 .	1,000,000	6,839	...	31,648	514,344	...	...	552,831	447,169	...	7,671,827
1895-96 .	1,000,000	12,201	...	60,051	506,670	...	...	578,922	421,078	...	8,092,605
1896-97 .	1,000,000	1,377,094	8,360	—245,431 ²	511,099	...	...	1,654,122	...	654,122	7,438,783
1897-98 .	1,000,000	3,548,592	1,730	—285,445 ²	523,717	...	...	3,788,604	...	2,788,604	4,650,179
1898-99 .	1,000,000	26,702	1	141,471	534,280	...	...	702,454	297,546	...	4,947,725
1899-1900 .	1,000,000	2,071,201	2,717	—195,213 ²	248,742	...	...	2,128,447	...	1,128,447	3,819,278
1900-1901 .	1,000,000	4,117,428	7,802	—277,907 ²	318,544	...	...	4,165,867	...	2,165,867	653,411
1901-1902 .	1,000,000	529,063	118	—147,139 ²	333,313	...	...	715,362	284,638	...	938,049
1902-1903 .	1,000,000	321,509	...	—235,886 ²	349,677	...	...	435,300	564,700	...	1,502,749
1903-1904 .	1,000,000	20,400	...	—243,300	636,500	...	...	413,600	586,400	...	2,089,149
1904-1905 .	1,000,000	...	...	—207,100	661,000	...	...	453,900	546,100	...	2,635,249
TOTAL OF 27 YEARS .	27,000,000	12,524,965	24,763	2,093,236	8,211,175	509,219	1,001,393	24,364,751	11,007,730	8,372,481	2,635,249

¹ In these years the net receipts on the Indian Midland and Bengal-Nagpur Railways exceeded the charges for other protective works in India.

² In 1882-83 a remittance of ₹1,22,77,330 was made to England, realising 1,001,393¹ £, by means of which 993,584¹ £ of sterling debt was discharged in 1883-84.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
STATE RAILWAYS—						
Gross Receipts	25,43,06,949	28,91,58,390	28,70,64,842	29,05,74,000	30,67,13,000	30,87,13,000
Working Expenses	12,69,85,686	14,23,85,017	14,74,08,163	14,85,49,000	15,38,37,000	15,84,59,000
Net Receipts	12,73,21,263	14,67,73,373	13,96,56,679	14,20,25,000	15,28,76,000	15,02,54,000
Net Revenue equivalent at R15 = £1	8,488,085	9,784,892	9,310,445	9,468,400	10,191,800	10,017,000
Interest and other Charges—						
India converted at R15 = £1	3,112,165	3,223,480	3,346,997	3,501,900	3,530,400	3,750,300
England	4,556,471	5,406,829	5,511,831	5,596,200	5,557,400	5,622,000
Net Result	819,449	1,154,583	451,617	370,300	1,104,000	644,700
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at R15 = £1	1,316,899	914,989	946,182	918,400	947,100	988,300
Surplus Profits, In- terest and other Charges—						
India converted at R15 = £1	179,209	154,673	90,884	105,200	116,500	134,300
England	1,589,417	1,009,544	1,026,892	1,046,700	1,032,800	1,056,100
Net Result	-451,727	-249,228	-171,594	-233,500	-202,200	-202,100
Other Receipts	22,933	33,753	50,062	43,300	44,700	46,600
Other Charges	65,531	92,492	101,136	139,200	91,900	135,000
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	111,384,707	114,330,144	117,729,962	121,111,344	122,551,162	127,379,662
Expenditure by Companies	34,817,796	36,590,076	38,699,861	39,975,076	40,395,561	41,821,161
Outlay on the East Indian Railway from Debentures raised by the Company	4,323,18.	4,328,351	5,630,490	6,880,451	5,630,490	6,830,490
Outlay on the South Indian Railway by the Company	250,000	1,001,250	1,001,250	1,501,250	1,001,250	1,451,250
Outlay on the Great Indian Peninsula Railway by the Company	...	...	...	450,000	...	...
TOTAL	150,775,685	156,249,821	163,061,563	169,921,121	169,578,463	177,482,563
Miles open on April 1	17,136	19,295	19,380	20,241	20,119	20,767
Guaranteed Rail- ways—						
Miles open on April 1	2,612	1,305	1,334	1,366	1,349	1,409

182. The Revised Estimate of net receipts from State Railways in 1903-1904 is better than the Budget Estimate by R1,08,51,000 or £723,400, the gross receipts having exceeded expectation by R1,61,39,000 and working expenses by R52,88,000. Details of the more important variations are given in paragraph 98 above.

The great improvement on the North Western Railway system was due partly to increased open mileage, but chiefly to general development of traffic throughout

the system, and especially in connection with the Jhelum and Chenab Canal Colonies. The exceptionally heavy wheat traffic was the dominating feature of the year. The country served by the Rajputana-Malwa Railway seems not yet to have fully recovered from the scarcity of some years back. The coal traffic on the Midnapore-Jherriah branch of the Bengal-Nagpur Railway has not come up to expectations.

183. The estimate of net receipts from State Railways in 1904-1905 is placed at Rs 26,22,000 or £174,800 below the Revised Estimate of 1903-1904. An increase of £133,300 has been taken in gross receipts and an increase of £308,100 in working expenses. The former allows for normal expansion of traffic and for development of traffic on extensions recently opened, but assumes that the very high rate of increase recently obtained on the North Western Railway and some other lines will not be maintained. Working expenses follow the receipts, but it has also been found necessary to provide for special renewals of permanent way and rolling-stock, and for repairs to flood damages in continuation of those undertaken in the current year. The increase in Interest and other charges in India is due to the progress of capital outlay, and that in England chiefly to further receipts of capital from Railway Companies. As a result of these increases, the estimated net gain from the working of State Railways in 1904-1905 is less by £459,300 than in the Revised Estimate for 1903-1904.

The principal modifications allowed for in the estimates of net receipts have been specified in paragraph 143.

184. The Revised Estimate of net receipts from Guaranteed Railways shows an improvement of £28,700 compared with the original estimate, due chiefly to a large increase in goods traffic on both the Madras and Bombay, Baroda and Central India Railways, partly counteracted by an increase in working expenses. In the Budget Estimate for 1904-1905 a further improvement in net receipts of £41,200 has been allowed for; the whole of this is on the Bombay, Baroda and Central India Railway, the country served by which has now recovered from the effects of famine. The increase in the Revised Estimate of Surplus Profits, Interest and other charges in India compared with the original estimate is due mainly to the larger share of surplus profits payable to the Bombay, Baroda and Central India Railway Company consequent on improved earnings. The decrease in the estimate of Interest paid in England is due to capital not having been raised as anticipated. The increases allowed for in the Budget Estimate for 1904-1905 under these heads are due mainly to the larger share of surplus profits payable to the Bombay, Baroda and Central India Railway Company and to further receipts on account of capital.

IRRIGATION.

IRRIGATION.	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Re-						
{ cepts . . .	2,47,71,151	2,33,93,665	2,72,44,019	2,67,57,000	2,89,85,000	2,87,25,000
{ Land Reve-						
{ nue . . .	1,12,36,246	1,22,00,957	1,22,15,889	1,26,26,000	1,30,32,000	1,32,97,000
Expendi- { Working						
{ Expenses .	1,03,36,344	1,05,28,805	1,13,19,158	1,13,69,000	1,20,54,000	1,23,18,000
{ Interest .	1,38,19,929	1,41,61,844	1,45,36,567	1,49,15,000	1,48,95,000	1,53,52,000
NET . . .	+1,18,51,124	+1,09,03,973	+1,36,04,183	+1,30,99,000	+1,50,68,000	+1,43,22,000
MINOR WORKS.						
Receipts—Direct . . .	23,31,393	24,68,966	20,74,935	25,47,000	23,33,000	24,53,000
Expenditure . . .	1,06,48,641	1,07,79,865	1,27,72,936	1,47,05,000	1,34,70,000	1,29,47,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 . . .	35,21,44,980	36,15,60,720	37,24,61,175	38,41,68,720	38,31,32,175	39,94,10,175

185. In the Revised Estimate, the direct receipts from Major Works show an increase over the Budget Estimate of Rs 22,28,000. The Punjab contributes the main portion of this increase which is partly due to general all-round improvements and partly to the transfer of the Indus Inundation Canals to "Major Works."

186. The Revised Estimate of expenditure shows an increase of Rs 6,85,000 over the Budget Estimate. This is partly due to the execution of certain works of maintenance not foreseen when the budget was framed, and partly to the working expenses of the Indus Inundation Canals, and special repairs to damages caused by heavy floods in the river Kistna. In the Budget for 1904-1905 provision has been made for the Indus Inundation Canals, and for larger grants required in almost every province owing to the expansion of irrigation.

187. As regards 'Minor Works,' the reduction under receipts in the Revised Estimate is due mainly to the transfer, during the year, of the Indus Inundation Canals to the category of Major Works. The increase in the Budget for 1904-1905 as compared with the Revised is due to the introduction of water rates on the Lower Sutlej Inundation Canals consequent on the abolition of the Chher system. Under expenditure, the Budget Estimate for 1903-1904 included a special additional grant of Rs 25 lakhs. The Revised Estimate, however, shows a lapse, due to its not having been practicable to utilise this grant fully in 1903-1904. In the Budget for 1904-1905, a special contribution of 3 lakhs to the Central Provinces is included.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
	R	R	R	Budget.	Revised.	R
India—						
Military Works	1,11,28,272	1,39,52,561	1,55,10,922	1,54,27,000	1,49,00,000	1,55,84,000
Civil Works, Imperial	3,07,654	66,37,813	72,01,046	80,00,000	88,47,000	97,37,000
Civil Works, Provincial	2,76,97,674	3,01,94,023	3,52,06,548	3,64,21,000	3,91,37,000	4,41,26,000
Civil Works, Local	1,63,09,396	1,66,08,290	1,81,65,666	2,03,19,000	1,87,68,000	2,07,64,000
TOTAL INDIA	5,90,42,996	6,73,92,687	7,60,84,182	8,01,67,000	8,16,52,000	9,02,11,000
England—	£	£	£	£	£	£
Military Works	41,037	34,612	62,607	17,500	54,000	17,700
Civil Works	92,286	105,176	107,562	108,300	95,200	90,800
TOTAL ENGLAND	133,343	139,788	170,169	125,800	149,200	108,500
RECEIPTS.						
India	R 64,76,334	67,63,743	68,73,931	67,39,000	78,41,000	68,04,000
England	£ 26,714	28,649	28,679	27,900	25,700	26,800

188. The Military Works expenditure of the year in India is expected to be less than the Budget Estimate by ₹5,27,000, due chiefly to the transfer of ₹5,47,000 to the grant for expenditure in England. Special expenditure amounting to ₹4,43,000 was sanctioned during the year out of savings in Army expenditure due to the continued absence of troops in Somaliland. But the excess due to this has been nearly counterbalanced by savings on other works. Under the new system of budgetting for Military Works expenditure there will be a fixed quinquennial grant for all expenditure except that on large works costing over ₹50,000 each, which will be separately budgetted for year by year according to requirements. Any part of the grant for the year not spent within the year will be regranted for expenditure in the following year, up to a maximum of 10 per cent on the whole grant. The Budget for next year has been fixed on these lines at ₹1,58,50,000 for both India and England, and is made up as follows :—

	R
Fixed quinquennial grant	97,00,000
Large works costing over ₹50,000 each—	R
(a) Schedule items	28,95,000
(b) Other works	29,55,000
	<hr/> 58,50,000
Regrant of expected lapses of 1903-1904	3,00,000
	<hr/>
TOTAL	1,58,50,000
	<hr/>

189. It is expected that the expenditure in India on Imperial Civil Works during 1903-1904 will be more than the Budget Estimate by ₹8,47,000, due to additional sums being required for works in several provinces.

The Budget grant for 1904-1905, inclusive of provision for special payments in England, has been fixed at ₹1,10,99,000.

190. The Revised Estimate of Provincial Civil Works shows an increase of ₹27,16,000, as compared with the Budget, and is due to more funds being available for expenditure. The Revised Estimate of Local Civil Works shows a decrease of ₹15,51,000. The Provincial Civil Works Budget for 1904-1905 includes the following grants which have been entered under this head merely for the sake of convenience, and are liable to be transferred at the discretion of the respective Local Governments for expenditure under other heads. They represent partly a portion of the initial lump grants made to four Provinces whose settlements have just come under revision, and partly special grants made from Imperial revenues during 1903-1904 for expenditure during 1904-1905 on particular works of public improvement :—

	R
Central Provinces	1,50,000
Burma	3,00,000
Assam	5,50,000
Bengal	20,00,000
United Provinces	12,00,000
Punjab	22,00,000
Madras	9,00,000
Bombay	9,00,000
	<hr/>
TOTAL	82,00,000
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ARMY SERVICES.

EXPENDITURE.	Accounts, 1900-1901.	Accounts, 1901-1902.	Accounts, 1902-1903.	1903-1904.		1904-1905, Budget.
				Budget.	Revised.	
INDIA—	R	R	R	R	R	R
<i>Effective Services—</i>						
Regimental Pay and Allowances.	7,18,58,256	7,85,63,254	8,25,96,895	9,10,78,000	8,86,83,000	9,84,04,000
Supply and Transport . . .	3,90,48,972	4,09,64,916	4,19,46,895	4,26,82,000	4,18,51,000	4,24,34,000
Ordnance . . .	71,02,726	96,46,625	1,12,99,554	1,17,77,000	1,10,37,000	1,25,73,000
Other Heads . . .	3,25,38,785	3,22,11,150	3,51,55,659	3,37,51,000	4,04,43,000	3,95,67,000
	15,05,48,739	16,13,85,945	17,09,99,003	17,92,88,000	18,20,14,000	19,29,78,000
<i>Non-effective Services</i>	91,03,829	93,27,144	98,37,015	97,58,000	1,00,42,000	98,37,000
TOTAL INDIA . . .	15,96,52,568	17,07,13,089	18,08,36,018	18,90,46,000	19,20,56,000	20,28,15,000
ENGLAND—	£	£	£	£	£	£
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	700,000	64,010	851,993	775,000	717,300	556,000
Furlough Allowances and Pay during Voyage of British Forces serving in India .	50,207	94,074	112,750	108,000	150,000	113,000
Furlough Allowances of Officers of the Indian Service . . .	183,518	216,620	1250,605	230,000	260,000	240,000
Indian Troop Service . . .	86,286	196,521	345,499	330,100	371,300	333,800
Other Heads . . .	45,592	32,590	75,062	46,100	53,000	53,000
Stores for India—						
Clothing . . .	229,747	191,178	183,149	228,800	211,000	233,600
Ordnance and Miscellaneous .	673,009	1,147,238	1,015,005	899,400	777,400	1,529,300
Other Heads . . .	86,017	90,029	92,795	101,400	129,000	100,900
	2,054,376	2,032,260	2,926,858	2,718,800	2,669,000	3,159,600
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India .	553,235	554,562	615,037	650,000	647,300	716,800
Pay and Pensions of Non-effective and Retired Officers of the Indian Service .	1,687,398	1,650,391	1,602,887	1,570,000	1,585,000	1,560,000
Other Heads . . .	144,285	145,846	145,875	150,000	151,300	157,300
	2,384,918	2,350,799	2,363,799	2,370,000	2,383,600	2,434,100
TOTAL ENGLAND . . .	4,439,294	4,383,059	5,290,657	5,088,800	5,052,600	5,593,700
RECEIPTS—	R	R	R	R	R	R
India . . .	1,17,64,929	1,05,12,361	1,09,79,881	81,25,000	92,42,000	80,59,000
England . . .	£	£	£	£	£	£
	32,945	276,765	392,998	497,900	456,100	362,400

191. As usual of late years, considerable savings have accrued on the military estimates in consequence of the absence of troops in China, and also in Somaliland. They were, however, on a considerably smaller scale than in 1902-1903. Inclusive of stores, they amounted to Rs 35,88,000: and out of this, sums aggregating Rs 27,10,000 have been applied to meeting the cost of various measures for improving the efficiency of the army and its various Departments. The largest items among these were the following:—

	R
Construction of the second section of the road to the hill cantonment, Lansdowne	2,00,000
Cost of warm coats sent to Africa, and condemned by the Military authorities in that country	3,05,000
Special purchase of 1,900,000 rounds of '303 ammunition	1,72,000
Supply of 895 sets of mekometers	1,47,000
Reconstruction of N. I. lines at Secunderabad, Bangalore and Bellary	1,03,000
Additional grant for Camps of Exercise and Instruction	1,00,000
Staff College at Quetta (collection of materials for building)	1,00,000
Increase in pay of Indian Medical Service officers	2,00,000
Stables and quarters for horse-breeding operations	85,000
Re-armament of two 5.4 inch howitzer batteries (part)	84,000

192. It will be convenient to bring together the figures exhibiting the whole military expenditure of India both in this country and in England, and irrespective of the head of account under which it is charged.

The following shows these figures for the Budget Estimate of 1903-1904:—

	In India. R	In England. £
(1) Ordinary Military expenditure, including the Hyderabad Contingent	18,53,20,000	4,662,400
(2) Special measures for increasing the efficiency of the Army—		
(a) Under Army	36,08,000	426,400
(b) Under Military Works	40,60,000	...
(c) Under Marine . . . . .	...	63,300
TOTAL	76,68,000	489,700
(3) Special Services	1,18,000	...
(4) Coast Defences	18,00,000	...
GRAND TOTAL	19,49,06,000	5,152,100

The corresponding figures for 1904-1905 are as follows:—

	In India. R	In England. £
(1) Ordinary Military Expenditure including the Hyderabad Contingent	19,45,08,000	4,769,300
(2) Special measures for increasing the efficiency of the Army—		
(a) Under Army	34,17,000	824,400
(b) Under Military Works	30,55,000	...
(d) Under Marine . . . . .	...	107,000
TOTAL	64,72,000	931,400
(3) Special Services	48,90,000	...
(4) Coast Defences	16,00,000	150,000
GRAND TOTAL	20,74,70,000	5,850,700

193. The increase under "Ordinary Expenditure" has been explained in paragraph 159. The principal factors are (1) ₹74,08,000 on account of the extra service pay of British troops, and (2) ₹169,000 on account of ordnance stores for manufacture of 303 ammunition. Of the increase in respect of the special measures for increasing the efficiency of the Army, ₹500,000 represents the cost of new artillery, and ₹200,000 of new rifles which (along with a part of the expenditure on coast defences) are to be provided from the surplus revenue of the current year as explained in paragraph 82.

Excluding these two items the cost of the special measures amounts to ₹64,72,000 in India and ₹231,400 (equivalent to ₹34,71,000) in England, or a total of ₹99,43,000 as compared with ₹1,50,14,000 in the current year. The principal items making up this total are the following:—

	R
Rearmament of the Native Army	14,67,000
Buildings for Rifle Factory, Ishapore	4,00,000
Rolling Mills at Ishapore	9,52,000
Central Gun Carriage Factory, Jubbulpore	4,00,000
Construction of Royal Indian Marine Vessel <i>Dufferin</i>	16,05,000
Increase in strength of Native Army Reserves	3,00,000
Establishment of a Staff College in India	2,00,000
Railway Pioneer Battalion	2,29,000
Installation of Electric Lights and Fans in barracks	7,00,000
Increase to strength of Native Infantry Battalions in Madras and Bombay Commands	5,00,000
Mobilisation equipment for northern line of communications	5,03,000
Reorganization of Artillery	3,00,000
Addition of 36 horses to each British Cavalry Regiment	2,76,000
Accommodation for 3 Howitzer Batteries	2,50,000
Improvement of rifle ranges for the regulars	2,00,000
Re-introduction of signalling into all Batteries, of horse, field, heavy and mountain artillery	2,71,000

The items included under special services have been specified in paragraph 159.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

194. The expenditure on Railway Construction for which the Government of India undertakes any financial responsibility or gives any direct guarantee is estimated at ₹9,82,07,000 in the current year and at ₹12,00,00,000, (inclusive of ₹60,00,000 for the purchase of four branch Railways) in 1904-1905, the amounts having been ₹10,05,75,960 in 1902-1903 and ₹11,00,00,000 in the Budget Estimate of the current year. The lapse of ₹1,17,93,000 in the current year is due to short outlay in England against some of the amounts placed at the disposal of the Secretary of State and some of the Companies' Boards for the purchase of rolling-stock and stores. This was largest in the case of the East Indian, Madras and South Indian Railways. It was partly compensated for by increased outlay in India and by commencement of construction work on the Ondal-Sainthia and Khurja-Hapur branches of the East Indian Railway. The distribution of the total expenditure on Railway Construction between

State and Companies' agency in each of the three years from 1902-1903 to 1904-1905 is as follows :—

	Accounts, 1902-1903.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
<i>Expenditure in England.</i>	£	£	£
1. State Lines	1,529,344	1,287,800	1,709,000
2. Old Guaranteed Railways	462,521	484,900	416,400
3. Extensions of ditto	33	...	...
4. Other Guaranteed or Assisted Railways	893,333	852,700	845,900
TOTAL	2,885,231	2,625,400	2,971,300
<i>Equivalent in rupees of Expenditure in England.</i>	₹	₹	₹
1. State Lines	2,29,40,155	1,93,17,000	2,56,35,000
2. Old Guaranteed Railways at contract rates	56,65,797	62,77,000	50,67,000
3. Extensions of ditto at prescribed rates	491	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,34,14,258	1,27,90,000	1,26,89,000
TOTAL	4,20,20,701	3,83,84,000	4,33,91,000
<i>Expenditure in India.</i>			
1. State Lines	4,55,19,860	5,06,94,000	6,90,20,000
2. Old Guaranteed Railways	—8,80,876	—38,00,000	—9,22,000
3. Extensions of ditto	12,34,837	2,00,000	30,000
4. Other Guaranteed or Assisted Railways	1,25,94,390	1,26,25,000	84,31,000
5. Branch Lines on firm guarantee	87,048	1,04,000	50,000
TOTAL INDIA	5,85,55,259	5,98,23,000	7,66,09,000
TOTAL OF PROGRAMME	10,05,75,960	9,82,07,000	12,00,00,000

195. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee, nor that of other Companies whose transactions are outside the Government accounts. Including this expenditure and also the expenditure from Provincial and Local Revenues and from loans raised by Local Boards for local lines, the total expenditure on Railway Construction in the three years may be stated as follows :—

	Accounts, 1902-1903.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
	₹	₹	₹
Total as in table in paragraph	10,05,75,960	9,82,07,000	12,00,00,000
Famine Protective lines	24,375	19,07,000	22,06,000
Branch lines not on firm guarantee	7,95,054	2,58,000	1,63,000
Railways outside the Government account	1,00,20,900	93,58,000	88,96,000
Provincial and Local State lines	8,19,892	3,99,000	3,18,000
GRAND TOTAL	11,22,36,181	11,01,29,000	13,15,83,000

196. The following are the details of the expenditure on State lines:—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
<i>Expenditure by State Agency—</i>			
Open lines—			
North-Western	₹ 66,03,425	₹ 27,40,000	₹ 76,55,000
Frontier Railway Reserve	43,548	10,000	...
Peshawar Railway do.	—7,242	...	...
Oudh and Rohilkhand	45,81,534	33,85,000	28,98,000
Eastern Bengal	53,67,848	49,15,000	52,74,000
Warora Colliery	—73,003	—46,000	—25,000
Jodhpur-Hyderabad (British section)	58,141	3,000	8,000
Stores Transactions and Reserve	—1,49,195	...	44,10,000
TOTAL	1,64,25,056	1,10,07,000	2,02,20,000
Lines under construction—			
Moorshedabad Branch, Eastern Bengal State Railway	6,28,435	40,00,000	37,51,000
Coonoor-Ootacamund . . . . .	...	...	10,00,000
Kankoorgachi Chord, Eastern Bengal State Railway	2,87,670	5,25,000	4,10,000
Kaunia-Bonarpara Extension . . . . .	...	8,50,000	10,00,000
Kaunia-Dhubri Extension	5,28,012	1,41,000	1,50,000
Dhubri-Gauhati	72,581	14,35,000	10,23,000
Lower Sind Extension . . . . .	...	17,80,000	18,61,000
Nowshera-Dargai	3,35,400	1,16,000	...
Agra-Delhi Chord	17,90,416	45,19,000	39,60,000
Khushalgarh-Kohat-Thal	22,49,205	3,94,000	62,000
Extensions of Chitpore Terminus	7,07,594	4,43,000	3,00,000
Allahabad-Fyzabad	53,34,749	17,52,000	6,75,000
Do. Ganges Bridge . . . . .	...	24,37,000	4,03,000
Jech-Doab (Northern section)	15,42,494	2,02,000	...
Quetta-Nushki	7,26,111	25,89,000	27,35,000
Doubling line between Canal Junction and Kankoorgachi	42,867	2,36,000	3,76,000
Jech-Doab (Southern section) . . . . .	...	8,68,000	23,00,000
TOTAL	1,42,45,534	2,22,87,000	2,00,06,000
Lines to be purchased . . . . .	...	...	60,00,000
<i>Expenditure by Agency of Companies—</i>			
Open lines—			
East Indian Railway (including extensions)	1,33,96,937	1,37,50,000	1,57,50,000
Rajputana-Malwa	24,51,766	16,70,000	18,00,000
Tirhoot	31,55,242	10,50,000	15,00,000
Bhopal	2,72,803	1,74,000	2,00,000
South Indian	1,88,948	5,00,000	12,00,000
Guntakal-Mysore Frontier	2,657	5,000	24,000
Madras Railway, North-East line	8,72,540	26,50,000	20,00,000
Palampur-Deesa	3,863	...	...
Bezwada Extension	5,814	15,000	3,000
Great Indian Peninsula	16,97,267	32,66,000	1,00,00,000
Nilgiri	35,41,940	3,000	3,60,000
TOTAL	2,55,89,777	2,30,83,000	3,28,37,000
Lines under construction—			
Ahmedabad-Dholka	59,900	...	...
Assam- { Land	—176	12,000	6,000
Bengal { Construction	74,44,084	36,36,000	19,94,000
Chittagong jetties	—6,62,562	...	...
Madura-Pamban	12,41,366	6,53,000	1,56,000
Tinnevely-Quilon—British section	6,36,296	6,36,000	3,06,000
Ditto —Native State section	31,22,750	25,01,000	3,30,000
Azikhah-Mangalore	3,52,690	32,18,000	50,00,000
Marina Loop	5,300	—5,000	...
Tirhoot State Railway Extensions . . . . .	...	18,18,000	50,00,000
Rewari Phulera . . . . .	...	11,65,000	28,00,000
TOTAL	1,21,99,648	1,36,34,000	1,55,92,000
GRAND TOTAL	6,84,60,015	7,00,11,000	9,46,55,000

197. The following are the details of the expenditure on the old Guaranteed Companies' lines and their extensions :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	₹	₹	₹
Madras Railway . . .	24,43,515	1,56,000	33,00,000
Madras Railway Extensions . . .	12,35,328	2,00,000	30,000
Bombay, Baroda and Central India Railway . .	23,41,406	23,21,000	8,45,000
TOTAL .	60,20,249	26,77,000	41,75,000

198. The details of the figures under other Guaranteed or Assisted Railways are as follows :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	₹	₹	₹
Assam-Bengal : . .	—61,558	...	...
Bengal Central . . .	1,93,616	50,000	66,000
Bengal-Nagpur . . .	8,06,123	12,71,000	12,00,000
Bengal-Nagpur Extensions . . .	1,67,13,711	1,70,73,000	1,10,00,000
Burma Railways . . .	58,11,768	29,53,000	32,52,000
Ditto Extensions . .	...	...	15,00,000
Indian Midland (including Saugor-Katni) . .	12,37,469	34,84,000	27,27,000
Lucknow-Bareilly . .	9,34,853	3,84,000	54,000
Mysore	86,587	1,20,000	1,21,000
Southern Mahratta . .	2,86,079	80,000	12,00,000
TOTAL .	2,60,08,648	2,54,15,000	2,11,20,000

199. The details of the expenditure on Branch lines having a direct guarantee are :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	₹	₹	₹
Brahmaputra-Sultanpur . . .	78,342	50,000	...
Hardwar-Dehra . . .	8,706	54,000	50,000
TOTAL .	87,048	1,04,000	50,000

200. The details of the expenditure on Protective Railways met from the Famine Insurance grant are as follows :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	₹	₹	₹
Morappur-Dharmapuri : .	3,177	2,90,000	3,96,000
Tiruputtur-Krishnagiri . .	5,524	4,35,000	4,70,000
Hospet-Kottur . . .	7,665	3,08,000	13,00,000
Bellary-Royadrug . . .	8,009	8,74,000	40,000
TOTAL .	24,375	19,07,000	22,06,000

201. The following are the details of Branch lines without a guarantee :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	R	R	R
Ahmedabad-Parantij .	23,624	6,000	11,000
Mymensingh-Jamalpur- Jagganathganj .	55,527	45,000	27,000
South Behar .	—57,358	—1,000	—47,000
Ahmedabad-Dholka .	7,53,499	1,08,000	65,000
Tapti Valley .	19,762	1,00,000	1,07,000
TOTAL .	7,95,054	2,58,000	1,63,000

202. The Railways outside the Government account shown above are the following :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	R	R	R
Bengal and North-West- ern Railway Extensions	22,58,600	19,08,000	4,89,000
Kalka-Simla .	61,44,900	45,43,000	12,50,000
Bengal Dooars Extensions	16,17,400	7,10,000	3,57,000
Rohilkand-Kumaon Ex- tensions .	...	2,27,000	20,00,000
Southern Punjab Exten- sions .	...	19,70,000	48,00,000
TOTAL .	1,00,20,900	93,58,000	88,96,000

The expenditure on the Kalka-Simla Railway, both in the current year and also that estimated for in 1904-1905, is almost wholly met from advances by Government.

203. The expenditure on the Provincial and Local State lines is distributed as follows :—

	Accounts, 1902-1903.	Revised, 1903-1904.	Budget, 1904-1905.
	R	R	R
Jorhat .	—834	—1,000	—1,000
Mayavaram-Mutupet .	8,20,726	4,00,000	3,19,000
TOTAL .	8,19,892	3,99,000	3,18,000

IRRIGATION CONSTRUCTION.

204. The figures are :—

Accounts, 1902-1903.	Budget, 1903-1904.	Revised, 1903-1904.	Budget, 1904-1905.
R	R	R	R
84,62,858	1,00,00,000	81,18,000	1,25,00,000

The Revised Estimate for 1903-1904 has been prepared for R18,82,000 less than the Budget Estimate, as, with the exception of the United Provinces, no province has found it possible to work up to the budget grants. The Budget grant for 1904-1905 has been fixed at R1,25,00,000, or R25,00,000 more than in the current year so as to provide for adequate progress on projects now in hand and for new schemes likely to be started.

205. The following table shows the projects included in the programme of each year, and the amounts to be spent on each :—

NAME OF PROJECT.	Expenditure in	
	1903-1904.	1904-1905.
<i>Canals in operation—</i>	<i>R</i>	<i>R</i>
Mandalay canal	4,02,000	1,64,000
Ganges canal	9,82,000	8,36,000
Lower Ganges canal	2,00,000	4,27,000
Fatehpur Branch of the Lower Ganges canal	76,000	59,000
Eastern Jumna canal	3,01,000	3,03,000
Western Jumna canal	34,000	42,000
Bari Doab canal	1,53,000	2,30,000
Sirhind "	1,33,000	2,62,000
Chenab "	5,02,000	12,52,000
Jhelum "	17,90,000	26,97,000
Indus Inundation canals	1,19,000	7,68,000
Godavery Delta	1,54,000	2,35,000
Kistna Delta	3,43,000	3,53,000
Penner River canals	1,00,000	1,03,000
Cauvery Delta	1,83,000	2,34,000
Periyar Project	2,27,000	2,14,000
Desert canal	59,000	11,000
Eastern Nara Works	1,40,000	1,02,000
Jamrao canal	1,71,000	34,000
<i>Canals under construction—</i>		
Shwebo canal	10,42,000	8,86,000
Mon canals	65,000	5,00,000
<i>Other projects.</i>	9,42,000	7,38,000
<i>Reserve</i> . . . . .	...	20,50,000
TOTAL	81,18,000	1,25,00,000

Section VI.—Provincial Finance.

206. During the year an important step in advance was made in the development of Provincial finance. As it is possible that this new departure may have important and far reaching consequences, it is desirable to explain its nature in some detail.

207. When the system of provincialisation was first introduced in 1871 by the Government of Lord Mayo, the method adopted was briefly as follows :— Certain heads of expenditure, of which the more important were Police, Education, Jails, Medical Services (in part), Printing, Roads and Civil Buildings, were made over to the Local Governments. To meet these charges, there were assigned to the latter the departmental receipts under the corresponding heads, and also a fixed lump grant from Imperial Revenues: the Local Governments being left to make up the deficiency, if any, by local taxation.

Early history of Provincial finance.

208. This system remained in force without material change till 1877. In that year an important modification was introduced by the Government of Lord Lytton. In the first place, a considerable addition was made to the heads of expenditure transferred to Provincial management, the new heads (in most Provinces) including Land Revenue, General Administration, Law and Justice, and Miscellaneous. Secondly, certain principal heads of revenue, including Stamps and Excise, were provincialised, the growing receipts from these sources taking the place, *pro tanto*, of the former fixed lump grant. Since 1877, a number of changes of detail have been effected, mostly in the direction of adding to the heads (or shares of heads) of expenditure and revenue which are under Provincial control. But no alteration of principle has been introduced, and broadly* speaking it may be stated that the present position is as follows :—Each Local Government is responsible for the whole of the expenditure recorded under "Salaries and Expenses of Civil Departments," "Miscellaneous Civil Charges," "Irrigation" (in part), and "Civil Public Works", as well as some charges under "Interest." It receives the whole of the corresponding departmental receipts, and a certain share (which is different in different Provinces, and under different heads) of each of the "Principal heads of Revenue" except Salt, Customs, Opium,

The present system.

* There are numerous exceptions of detail in relatively minor points, and variations between the different Provinces. It is unnecessary to specify these at length in the present place.

and Tributes. In some Provinces, irrigation revenue is also Provincial in whole or in part. The excess of expenditure over revenue is made up by a fixed assignment from Imperial Revenues.

209. Under this system the Provincial shares of growing revenue have usually (though not uniformly) increased more rapidly than the sum which could properly be spared for expenditure under the Provincial heads, having regard to the general needs of Imperial finance. It was therefore necessary to revise the terms of the settlements from time to time, ordinarily at five-year intervals, with a view to adjust inequalities that had arisen, either between the Provinces themselves, or between the Provinces as a whole and the Imperial Government. These quinquennial revisions have usually, though not invariably, resulted in the resumption of a certain amount of revenue for Imperial purposes. When the settlement of 1877 was made, a total retrenchment of 40 lakhs was enforced; in 1882 the finances were in a prosperous condition and the Imperial Government surrendered an additional 26 lakhs net; in 1887 they resumed 64 lakhs; and in 1892, 46 lakhs. The last revision, made in 1897, effected little change in the aggregate, increases to some Provinces being almost exactly counterbalanced by resumptions from others.

Its defects.

210. The system is marred by several grave defects:—

- (1) The periodical revisions interfere with the continuity of Provincial finance, and each revision involves a protracted and sometimes controversial discussion with the Local Governments.
- (2) A still more serious evil is that the system tends to encourage extravagance rather than economy. "It has been described as a system of five-year budgets: and this definition indicates the root of the evil. Each Local Government is supposed to be free to enjoy the fruits of its economy, or of the successful nursing of its revenues. But in practice its term of enjoyment is limited to five years, or, more correctly, to the last two or three years of the term of settlement, for during the earlier years it has usually little margin to spend. It is therefore under constant temptation to spend its money, not on carefully matured schemes of well-thought-out improvement, but on such as can be carried through before the close of the settlement, in order to leave as small a balance as possible for resumption at the impending revision."
- (3) The apportionment of revenue to the several Provinces has never been made on any definite or logical principle.

The new system.

211. To remove these defects, and in particular to introduce an element of relative permanence into the settlements, the following arrangement has been made. Firstly, it has been decided to give the Local Governments a permanent, instead of a merely temporary interest in the revenue and expenditure under their control. Secondly, the assignments to the Local Governments will include a slightly smaller share of growing revenues. Thirdly, this share has been calculated so that each Province separately, and all the Provinces taken together, shall be placed in possession of an amount of growing revenues which bears approximately the same proportion to the Provincial expenditure as the Imperial share of growing revenues bears to Imperial expenditure. With some small exceptions the actual heads of revenue which are either Imperial, Provincial, or divided, have been left unchanged, but the Provincial shares of the divided heads have been altered in accordance with the principle stated above. When any head of revenue is divided between Imperial and Provincial, the corresponding head of expenditure has ordinarily been divided in the same proportion.

Modifications of detail.

212. In applying these principles to the actual figures, it was found that the aggregate Provincial expenditure represented rather less than one-fourth of the whole, while the Imperial expenditure, which includes the army and the home charges, was in excess of three-fourths. These proportions have accordingly been taken as the basis of the division of revenue between Imperial and Provincial, but numerous adjustments have been necessary—(1) to make allowance for the heads of revenue which are wholly Imperial or wholly Provincial as the case might be; (2) to allow for a larger assignment to the more backward Provinces than to those which are more advanced; and (3) to permit of provision being made for various administrative reforms and works of improvement which it is

desired to undertake. Subject to these adjustments, which are specified below, it has been decided that the divided heads of revenue, and of the corresponding heads of expenditure, shall be shared as follows :—

- (1) In Bengal, United Provinces, Bombay, and Madras, three-fourths Imperial and one-fourth Provincial;
- (2) In the Punjab and Burma, five-eighths Imperial and three-eighths Provincial; and
- (3) In the Central Provinces and Assam, half Imperial and half Provincial.

213. It is intended that the settlements thus made shall be permanent, in the sense that they shall not be subject to revision at the end of fixed periods. The Government of India necessarily reserves to itself, as the final authority in India responsible for the finances and administration of the country, the power to revise the settlement of any or all Provinces at any time whenever necessity may demand it. It is however the intention of Government only to exercise this power when the variations from the initial relative standards of revenue and expenditure in any Province have, over a substantial term of years, been so great as to result in unfairness either to the Province itself, to other Provinces, or to the Government of India; or in the event of the Government of India being confronted with the alternatives of either imposing additional taxation or of seeking assistance from the Provinces.

214. For the present, the scheme has been applied to four Provinces, *viz.*, Bengal, Madras, Assam, and the United Provinces. In the ensuing year it is proposed to extend it to Bombay and the Punjab, and possibly also to the Central Provinces.

215. The modifications that have been made in applying the scheme to these four Provinces are as follows :—

Bengal.—The Provincial share of revenue and expenditure has been taken at one-half under Stamps, and at seven-sixteenths under Excise, while Registration receipts and charges have been made wholly Provincial; and the expenditure recorded under 3.—Land Revenue, which really represents the cost of the ordinary district administration, is also made wholly Provincial. An addition of 4 lakhs has been made to the fixed assignment to enable the Local Government to improve the pay of ministerial establishments, and a further addition, not exceeding $2\frac{1}{2}$ lakhs, will be made when a scheme has been prepared and sanctioned for strengthening the staff of Deputy Collectors.

Madras.—The Provincial share of Stamp revenue and expenditure has been raised to one-half. The revenue and expenditure under Registration, and expenditure under 3.—Land Revenue have been made wholly Provincial. Special provision has been made in the form of a lump non-recurring grant of 20 lakhs for surveys and settlement. Grants of ₹75,000 and ₹50,000 a year have been made for the relief of certain local bodies, and for agricultural experiments, and the fixed assignment has been placed at a specially high figure. The Government of India have also undertaken to provide for the cost of reorganising the district administration.

United Provinces.—The Provincial share of Stamp revenue and expenditure, and of the expenditure under 3.—Land Revenue has been raised to one-half: Irrigation revenue has been made wholly Provincial, subject to a guarantee from the Government of India that the net receipts shall not fall below 40 lakhs a year; and special grants of $2\frac{1}{2}$ lakhs and $1\frac{1}{2}$ lakhs per annum respectively, have been made to enable the Local Government to relieve Municipalities from the charges for municipal police, and to reform the system of District Board finance.

216. The net result of the new settlements in these four Provinces is an increase of the Imperial contribution to Provincial of ₹23,89,000 per annum as follows :—

	₹
Bengal Provincial assignment <i>less</i>	—5,00,000
Madras Provincial assignment <i>more</i>	+16,56,000
United Provinces Provincial assignment <i>more</i>	+8,25,000
Assam Provincial assignment <i>more</i>	+4,08,000
TOTAL	+23,89,000

General Result.

217. The shares of growing revenue and the fixed assignments from Imperial to Provincial stand as follows:—

(Figures in thousands of Rupees.)

	Madras.	Bengal.	United Provinces.	Assam.
Growing Revenues	2,90,82	4,49,84	3,62,64	60,07
Fixed Assignment	59,66	49,03	4,00	12,00
TOTAL	3,50,48	4,98,87	3,66,64	72,07

The provincialisation of the whole of the Irrigation Revenue in the United Provinces, and the assignment of half shares of the Principal Heads of Revenue in Assam, account for the large proportion which the growing revenues bear to the total in those Provinces.

Effect of the alteration in the shares.

218. The following table shows the share of the average annual increments of revenue (calculated on the basis of the figures for the years 1892-93 to 1902-03), which the Local Governments would have received if the terms of the old settlements had remained unchanged, with the share which they will receive under the new settlements:—

(Figures in thousands of Rupees.)

	Under the old Settlements.	Under the new Settlements.
Madras	5,60	4,89
Bengal	9,00	7,33
United Provinces	3,33	3,91
Assam	1,50	1,24

In other words, out of the annual increment of revenue of the four Provinces taken together, the Imperial Government will receive ₹2,06,000 more than it has hitherto done. On the other hand, owing to the division of expenditure under the heads corresponding to the Principal Heads of Revenue, the Government of India will bear ₹36,000 of the present Provincial increment of expenditure. On the whole, therefore, the Imperial Government receives an additional net increment of revenue of only ₹1,70,000.

219. Finally, in order that the Local Governments may start the new settlement under favourable conditions, the Government of India have sanctioned the following initial grants, *vis.*:—

	Lakhs.
To Bengal	50
„ Madras	50
„ United Provinces	30
„ Assam	20

The grant to Bengal is exclusive of a grant of 50 lakhs which has been separately sanctioned for the Calcutta Improvement scheme, and which is conditional on an acceptable scheme being framed and sanctioned. The grant to Madras includes 20 lakhs on account of special survey and settlement expenditure which is likely to be spread over several years, but will not recur permanently. These grants have been made in the Revised Estimate of 1903-04, and will go to increase the Provincial opening balances of the ensuing year. It is not contemplated that the Local Governments will desire to spend more than a portion of these during 1904-05, and the following provision has accordingly been made by addition to the Provincial Budgets under 45.—Civil Works, *vis.*:—

	Lakhs.
Bengal	15
Madras	10*
United Provinces	6
Assam	4

* Including 4 lakhs under 3.—Land Revenue for special surveys.

The Local Governments will be at liberty to transfer these grants for expenditure under any other heads at their discretion.

220. In addition to the above a grant of Rs. 1,25,000 has been made to the United Provinces to compensate the Province for expenditure on the purchase of encumbered estates in Bundelkhand under the Bundelkhand Encumbered Estates Act, 1903.

221. The following table gives the usual information regarding the Revenue, Expenditure and balances of each Province, compared with the standard of 1897 :—

	Estimate for the Settlement of 1897-98 to 1901-1902.	ACCOUNTS.						Revised, 1903-1904.	Budget, 1904-1905.
		1897-98.	1898-99.	1899-1900.	1900-1901.	01-1902.	1902-1903.		
		1	2	3	4	5	6	7	8
	R.	R.	R.	R.	R.	R.	R.	R.	R.
CENTRAL PROVINCES—									
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	83,93,000	89,85,000	88,10,000	83,47,000	92,10,000	1,17,14,000	1,02,98,000	1,14,78,000	1,19,79,000
Total Expenditure	83,93,000	89,85,000	86,87,000	81,70,000	92,10,000	94,71,000	1,02,99,000	1,22,19,000	1,26,80,000
Closing Balance . . . . .	...	...	1,23,000	...	...	22,43,000	22,42,000	15,01,000	8,00,000
BERMA—									
Balance on April 1, 1897 . . .	...	31,22,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	2,93,81,000	3,15,97,000	3,41,00,000	3,47,23,000	3,64,64,000	3,65,36,000	3,40,43,000	3,68,57,000	2,75,55,000
Total Expenditure	2,93,81,000	2,99,03,000	2,99,85,000	3,21,15,000	3,49,47,000	3,57,81,000	3,73,30,000	3,85,96,000	4,09,97,000
Closing Balance . . . . .	...	48,16,000	89,31,000	1,15,45,000	1,30,62,000	1,38,17,000	1,05,30,000	87,91,000	53,59,000
ASSAM—									
Balance on April 1, 1897 . . .	...	9,44,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	66,43,000	71,62,000	89,34,000	71,53,000	70,97,000	72,64,000	84,16,000	95,36,000	75,47,000
Total Expenditure	66,43,000	76,18,000	80,67,000	79,68,000	71,81,000	71,17,000	74,07,000	82,09,000	79,45,000
Closing Balance . . . . .	...	4,88,000	13,55,000	5,40,000	4,53,000	6,00,000	16,09,000	29,36,000	25,38,000
BENGAL—									
Balance on April 1, 1897 . . .	...	39,54,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	4,43,49,000	4,65,69,000	4,74,76,000	4,73,90,000	4,80,97,000	4,93,24,000	5,23,92,000	6,26,80,000	5,03,80,000
Total Expenditure	4,43,49,000	4,96,01,000	4,52,81,000	4,66,89,000	4,76,53,000	4,86,80,000	5,17,69,000	5,44,20,000	5,36,31,000
Closing Balance . . . . .	...	9,22,000	31,17,000	38,18,000	42,62,000	49,06,000	55,29,000	1,37,99,000	1,05,45,000
UNITED PROVINCES OF AGRA AND ODISHA—									
Balance on April 1, 1897 . . .	...	...	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	3,42,62,000	3,52,97,000	3,77,81,000	3,64,77,000	3,69,76,000	3,62,46,000	3,89,87,000	4,29,97,000	3,69,55,000
Total Expenditure	3,42,62,000	3,52,97,000	3,44,95,000	3,57,23,000	3,61,72,000	3,72,10,000	3,90,51,000	3,90,03,000	3,94,15,000
Closing Balance . . . . .	...	...	32,86,000	40,40,000	48,44,000	38,80,000	38,16,000	78,10,000	53,50,000
PUNJAB—									
Balance on April 1, 1897 . . .	...	5,23,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	1,90,28,000	1,95,58,000	2,07,00,000	1,87,24,000	2,04,57,000	2,22,16,000	2,24,54,000	2,26,30,000	2,20,69,000
Total Expenditure	1,90,28,000	1,95,81,000	1,95,46,300	2,03,78,000	2,04,57,000	2,07,20,000	2,14,25,000	2,19,55,000	2,42,69,000
Closing Balance . . . . .	...	5,00,000	16,54,000	...	...	14,96,000	25,25,000	32,00,000	10,00,000
MADRAS—									
Balance on April 1, 1897 . . .	...	22,95,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	3,10,65,000	3,16,20,000	3,38,38,000	3,14,94,000	3,25,76,000	3,75,85,000	3,64,05,000	4,21,46,000	3,60,60,000
Total Expenditure	3,10,65,000	3,31,97,000	3,20,31,000	3,32,52,000	3,28,97,000	3,35,44,000	3,64,21,000	3,67,30,000	3,77,12,000
Closing Balance . . . . .	...	7,18,000	23,25,000	5,67,000	2,16,000	42,87,000	42,71,000	96,87,000	80,35,000
BOMBAY—									
Balance on April 1, 1897 . . .	...	17,98,000	...	...	...	...	...	...	...
Total Revenue, including adjust- ments	4,16,53,000	4,26,96,000	4,60,23,000	4,24,32,000	4,50,92,000	5,14,22,000	4,67,70,000	4,56,67,000	4,61,43,000
Total Expenditure	4,16,53,000	4,39,92,000	4,50,19,000	4,39,36,000	4,50,92,000	4,55,99,000	4,91,93,000	4,57,90,000	4,74,20,000
Closing Balance . . . . .	...	5,00,000	15,04,000	...	...	58,23,000	34,00,000	32,77,000	20,00,000

222. In the four provinces whose settlements are under revision, the new standard of Revenue and Expenditure is as follows:—

	R
Assam	72,07,000
Bengal	4,98,87,000
United Provinces	3,66,64,000
Madras	3,50,48,000

223. The closing balances shown in the Revised Estimate include grants, aggregating ₹1,62,65,000, which have been given from Imperial revenues during the current year for expenditure on certain special purposes, in addition to the grant of ₹1,50,00,000 referred to in paragraph 219. In the case of Bombay, the Punjab, and the Central Provinces they also include ₹13,11,000, ₹7,86,000 and ₹15,28,000 respectively given to these Provinces to enable them to close with the prescribed minimum balance. The following table shows the distribution of the grants to various Provinces:—

PROVINCES.	Grant of 40 lakhs for Education.	Grant in 1903-1904 of recurring portion of grant of 18 lakhs for District and other Establishment.	Grant in 1903-1904 for Expenditure in 1904-1905 on special purposes.	Grant in 1903-1904 for Expenditure in 1904-1905 on special public objects.
I	2	3	4	5
	R	R	R	R
Central Provinces .	2,00,000	1,90,000	3,00,000	1,50,000
Burma . . .	4,00,000	...	...	3,00,000
Assam . . .	1,00,000	1,11,000	...	1,50,000
Bengal . . .	10,00,000	...	50,00,000	5,00,000
United Provinces .	5,00,000	2,26,000	3,00,000	3,00,000
Punjab . . .	4,00,000	1,36,000	20,50,000	2,00,000
Madras . . .	8,00,000	3,50,000	...	3,00,000
Bombay . . .	6,00,000	3,50,000	10,52,000	3,00,000
TOTAL . . .	40,00,000	13,63,000	87,02,000	22,00,000

224. As explained in paragraph 282 of the Financial Statement for 1903-1904 the grants shown in columns 2 and 3 of the foregoing table were made for permanent recurring expenditure on education, and the improvement of district administration. Those shown in column 4 have been sanctioned in the course of the current year. The grant of ₹3,00,000 to the Central Provinces is intended for expenditure on Irrigation Works. That of ₹50,00,000 to Bengal represents the Government contribution towards the scheme for the structural improvement of Calcutta; the money will be reserved exclusively for this purpose, and its appropriation is conditional on the scheme being approved by the Government of India. The grant of ₹3,00,000 to the United Provinces represents a grant to the Lucknow Municipality to enable it to undertake a drainage scheme. Of the allotment of ₹20,50,000 to the Punjab, ₹20,00,000 is for expenditure on extensions and improvements in Simla, and ₹50,000 is a grant to the Punjab University to enable it to construct a Senate Hall at Lahore. In Bombay, a grant of ₹6,00,000 has been made for the completion of St. George's Hospital, and the remaining ₹4,52,000 is intended to enable the Local Government to carry out improvements under a variety of heads.

225. The present financial position has also enabled the Government of India to make the special grants shown in column 5 for expenditure in 1904-1905 upon a variety of desirable objects of public utility, such as hospitals, museums, colleges, public libraries, hostels, public parks and gardens, and the like, which have hitherto had to yield precedence to works of more pressing urgency.

226. In the Budget Estimate for 1904-1905 the recurring grants for expenditure on education and the improvement of district administration are repeated except for Assam, Bengal, the United Provinces, and Madras; in these Provinces the grants have been taken into account in fixing the standard of expenditure and they now form part of the permanent assignments made to Provincial revenues in the new settlements. Grants of ten and five lakhs respectively have also been made to the Punjab and Bombay for expenditure on Civil Works. The grants to the Punjab, Bombay, and the Central Provinces, which are deficit provinces, to work up to the prescribed minimum closing balances at the end of 1904-1905 are ₹10,66,000, ₹24,51,000, and ₹29,26,000 respectively.

Section VII.—Ways and Means.

HOME TREASURY.

227. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1903-1904 and in the Budget Estimates of 1904-1905:—

	Budget, 1903-1904.	Revised, 1903-1904.	Budget, 1904-1905.
Opening balance	5,686,537	5,767,787	7,003,387
RECEIPTS.			
Capital raised and deposited by Railway Companies—			
For Capital outlay	1,052,600	7,300	1,252,600
* For discharge of Debentures	3,332,800	200,000	2,070,100
Deposits and Advances—			
* Gold Reserve Fund	102,700	2,566,200	166,800
Other items	26,000	40,900	7,500
Remittance Account between England and India—			
Railway transactions	2,053,000	16,600	2,453,000
* Remittance of Gold from India for purchase of silver . . . . .	...	3,996,900	...
Other transactions	1,510,000	2,596,700	504,000
Total Receipts excluding Council Bills and Loans and opening balance	8,077,100	9,424,600	6,454,000
DISBURSEMENTS.			
Excess of Expenditure over Revenue	17,619,300	17,487,800	18,435,900
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	1,813,400	1,293,300	1,715,800
Outlay of Railway Companies	1,396,800	1,344,900	1,264,900
* Payments to Railway Companies for discharge of debentures	3,332,800	247,000	2,070,100
Permanent Debt discharged	600,000	600,000	1,002,100
Temporary Debt discharged	3,500,000	3,500,000	2,000,000
Deposits and Advances—			
* Gold Reserve Fund	102,700	2,566,200	166,800
Other transactions . . . . .	...	215,100	7,900
Remittance Account between England and India—			
Railway transactions	1,991,300	1,601,500	2,747,000
* Purchase of Silver . . . . .	...	4,055,000	...
Other transactions	472,700	278,200	350,600
Total Disbursements	30,829,000	33,189,000	29,761,100
Net Disbursements excluding Council Bills and loans and opening balance	22,751,900	23,764,400	23,307,100
Financed as follows:			
Council Bills	17,000,000	21,500,000	16,500,000
Permanent Debt incurred	2,000,000	1,500,000	2,500,000
Temporary Debt incurred	2,000,000	2,000,000	2,000,000
Reduction of + or addition to — Cash balance	+1,751,900	—1,235,600	+2,307,100
TOTAL	22,751,900	23,764,400	23,307,100
Closing balance	3,934,637	7,003,387	4,696,287

* The heads marked with an asterisk appear both on the Receipt and Payment sides. As the Receipts and Disbursements under each of them are practically equal, they do not affect the Ways and Means of the year to any material extent.

228. In the Revised Estimate the net disbursements (apart from receipts from Council Bills and loans) are taken at £23,764,400 against £22,751,900 in the Budget Estimate. There is thus an increase in the net outgoings of £1,012,500. The conditions obtaining in the London money market during the current year have not been favourable for the raising of fresh capital by Railway Companies. Accordingly, the additional capital which it was originally proposed to raise through the agency of Companies, *viz.*, £1,050,000 for their own lines, and £2,050,000 for State lines worked by Companies, was in fact not raised at all; while only £200,000 was raised to discharge debentures, in place of £3,332,800 taken in the Budget. On the other hand, the net expenditure chargeable against revenue is less than the Budget Estimate by £131,500, the Capital outlay on State

1903-1904.
General Remarks.

Railways and Irrigation Works by £520,100 and the Advances to Railway Companies for Capital outlay on Purchased Railways worked by them by £389,800. The miscellaneous remittances from India, consisting mainly of recoveries from His Majesty's Imperial Government on account of expenditure incurred in India in connection with the forces in Somaliland, South Africa and China and for Emigration bills, Chelsea out-pensioners and supplies to His Majesty's Imperial Navy exceed the Budget Estimate by £1,086,700. The net result of these variations is an increase of net outgoings of £971,900. This with minor differences under other heads aggregating £40,600 make up the difference of £1,012,500 in the net disbursements mentioned above.

229. The increase in the net disbursements was met partly from an increase of £81,250 in the opening balance of the year, but mainly by an increase of £4,500,000 in Council Bills. Of the latter, £500,000 was applied towards reduction of the sterling loan proposed in the Budget Estimate and the remainder will go to swell the closing balance of the year which is expected to stand at £7,003,387.

230. In addition to the £21,500,000 shown in the table above, the Revised Estimate also provides for the sale of £2,200,000 additional Council Bills, for remittance to London of the balance of the Gold Reserve Fund held in India. It should be noted that the receipts by the Secretary of State on this account, as well as the remittance of gold made from India in July last on account of the Gold Reserve Fund, are for investment and do not therefore affect the balances of the Home Treasury otherwise than temporarily.

231. Great Indian Peninsula Railway debentures for £600,000 and India Bills for £3,500,000 fell due in 1903-1904. The Budget Estimate provided for the discharge of these by the issue of £2,000,000 India stock and £2,000,000 India Bills. The Budget programme was carried out except that only £1,500,000 3 per cent India stock was issued. Tenders were invited at a minimum rate of 97 per cent. The applications received amounted to £5,971,500; the average rate of accepted tenders was £98-19-2 and the lowest accepted rate £98-18-6 per cent.

232. The results of the issues of £2,000,000 India Sterling Bills was as follows:—

Month of Issue.	Amount tendered.	Amount accepted.	Average rate of interest per cent per annum.
	£	£	£ s. d.
May 1903 . . .	2,991,000	500,000 for twelve months	3 7 5
September " . . .	2,038,000	500,000 ditto	3 11 6
December " . . .	3,661,000	500,000 ditto	3 12 11
March 1904 . . .	2,439,000	500,000 ditto	3 5 2

233. The details of the transactions under capital raised and deposited by Railway Companies are as follows:—

RECEIPTS.		Budget.	Revised.
Subscribed Capital.		£	£
To discharge debentures—			
Bengal Nagpur Railway		100,000	...
" " extensions		400,000	...
Indian Midland Railway		1,582,900	...
Southern Mahratta Railway		100,000	100,000
Bombay, Baroda and Central India Railway		949,900	100,000
Madras Railway		200,000	...
		3,332,800	200,000
To meet Capital outlay—			
Bengal Nagpur Railway		50,000	...
" " extensions		200,000	...
Bombay, Baroda and Central India Railway		500,000	...
Madras Railway		300,000	...
		1,050,000	...
Miscellaneous (Transfer fees, etc.)		2,600	7,300
TOTAL RECEIPTS		4,385,400	207,300
ISSUES.			
For Discharge of Debentures		3,332,800	247,000
For Capital outlay, i.e., Stores, Establishment Charges, etc.		1,396,800	1,344,900
TOTAL ISSUES		4,729,600	1,591,900

1903-1904.
Council Bills.

1903-1904.
Loans.

1903-1904.
Capital raised
and deposited
by Companies.

234. For the reason stated in paragraph 228, the Companies mostly found it preferable to renew their debentures, rather than discharge them at maturity. The only exceptions were the following, which were paid off during the year :—

Southern Mahratta Railway	£
Bombay, Baroda and Central India Railway	100,000
Madras Railway	145,000
	800
	<u>245,800</u>

The £247,000 shown in the preceding paragraph includes £1,200 which represents discount payable on the renewal of debentures.

235. The issues for Capital outlay do not differ materially from the Budget Estimates, except that the Bombay, Baroda and Central India Railway is likely to require £113,000 more, and the Madras and Southern Mahratta Railways £130,900 and £47,600 less than the Budget Estimates.

236. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. Besides these there are also other Railway Companies which work railways that are the property of the State. These include the East Indian, the South Indian, the Great Indian Peninsula and the Rajputana-Malwa Railways. Advances are made to these Companies in England for the purchase of stores; and funds are sometimes raised by the Companies working the railways and deposited with the Secretary of State; but these deposits and advances instead of being brought directly to account in England under the appropriate heads, are treated as remittances from or to India and are brought to account in this country. The details of these transactions during the current year are as follows :—

RECEIPTS.	Budget.	Revised.
<i>Debentures raised—</i>	£	£
East Indian Railway	1,250,000	...
South Indian Railway	350,000	...
Great Indian Peninsula Railway	450,000	...
	<u>2,050,000</u>	...
<i>Transfer fees, etc.</i>	3,000	16,600
TOTAL RECEIPTS	2,053,000	16,600

ISSUES.	£	£
<i>Advances for Purchase of Stores—</i>		
East Indian Railway	900,000	594,000
Rajputana Malwa Railway	200,000	170,600
South Indian Railway	232,000	132,900
Bengal and North-Western Railway	30,000	141,300
Great Indian Peninsula Railway	629,300	562,700
TOTAL ISSUES	1,991,300	1,601,500

237. The demand for rupee currency during the second half of the current year has necessitated large purchases of silver in England. The total cost of the purchases is now estimated at £4,055,000; practically the whole of this amount has been remitted from India in gold, the sale-proceeds of which are taken at £3,996,900 in the Revised Estimate.

238. In the Budget Estimate of 1904-1905, the net disbursements are taken at £23,307,100 including £1,002,100 and £2,000,000 respectively for the discharge of Great Indian Peninsula Railway Debentures, and India Bills which expire next year.

1903-1904.
Purchase of Silver
and Remittance of
Gold from India.

1904-1905.
Main features.

239. This estimate of the net disbursements exceeds the Budget Estimate of the current year by £555,200. This represents the net result of a number of variations the most considerable of which are as follows:—

<i>Better.</i>		£
Capital raised by Railway Companies for Capital outlay, <i>more</i> .		200,000
Capital outlay not charged to revenue, including outlay by Companies, <i>less</i> .		229,500
Temporary Debt discharged (India Bills), <i>less</i>		1,500,000
Remittance Account between England and India—		
Payments in England on account of money orders and stores for Provincial Governments and Local Funds, etc., <i>less</i>		122,100
		<u>2,051,600</u>

<i>Worse.</i>		
Net Expenditure on Revenue Account (Increase due to cost of new armaments and stores for Coast Defences), <i>more</i> .		816,600
Permanent Debt discharged (Great Indian Peninsula Debentures), <i>more</i>		402,100
Debenture Capital raised by Railway Companies working State Railways (Debentures raised <i>more</i> £400,000, Debentures discharged, <i>more</i> £800,000) net <i>worse</i>		400,000
Remittance Account between England and India—		
Recoveries from His Majesty's Government on account of payments in India for Somaliland force, etc., <i>less</i>		1,006,000
		<u>2,624,700</u>

240. It is proposed to meet the net disbursement of £23,307,100 by the sale of £16,500,000 Council Bills, and by the issue of £2,500,000 India Stock and £2,000,000 India Bills. The remainder, which amounts to £2,307,100, will be met by drawing upon the cash balance of the Home Treasury which is expected to stand at £7,003,387 on 31st March 1904. The estimated balance on the 31st March 1905 is therefore £4,696,287.

241. As mentioned above, India Sterling Bills for £2,000,000 fall due in 1904-1905, and it is proposed to replace these by the issue of new Bills of a corresponding amount. Of the £2,500,000 India Stock which it is at present intended to issue next year, £1,002,100 is for the discharge of Great Indian Peninsula Railway Debentures which fall due on the 30th June 1904, and the balance is for advances to Indian Railway Companies under Act 51 Vict., c. 5.

242. The following are the details of the Estimates of Capital to be raised by Railway Companies:—

	To replace Debentures.	Additional Capital.
<i>Subscribed Capital of Railway Companies—</i>	£	£
Bengal-Nagpur Railway	25,000	...
Ditto Extensions	375,000	...
Indian Midland Railway	1,000,000	...
Rohilkund and Kumaon Railway	147,000	...
Bombay, Baroda and Central India Railway	120,000	500,000
Madras Railway	403,100	750,000
	<u>2,070,100</u>	<u>1,250,000</u>
Transfer fees and Miscellaneous refunds . . . . .	...	2,600
	<u>2,070,100</u>	<u>1,252,600</u>
<i>Debenture Capital of Companies working purchased Railways—</i>		
East Indian Railway	800,000	1,200,000
South Indian Railway . . . . .	...	450,000
	<u>800,000</u>	<u>1,650,000</u>
Transfer fees and Miscellaneous refunds . . . . .	...	3,000
TOTAL	<u>800,000</u>	<u>1,653,000</u>

1904-1905.
Loans.

1904-1905.
Capital of
Railway
Companies.

243. The following are the details of the transactions of the Gold Reserve Fund in England:—

	1903-1904,		1904-1905,
	Budget.	Revised.	Budget.
<i>Receipts.</i>			
(a) Profit on coinage, remitted to England from India—	£	£	£
By Council Bills	...	2,200,000	...
In gold (less charges of remittance £1,400)	...	259,600	...
(b) Dividends on investments	102,700	106,600	166,800
TOTAL	102,700	2,566,200	166,800
<i>Payments.</i>			
Investments made	102,700	2,566,200	166,800
Opening Balance—			
Invested	3,810,300	3,810,300	6,376,500
Uninvested	1,000	1,000	5,700
Closing Balance—			
Invested	3,913,000	6,376,500	6,543,300
Uninvested	289,000	5,700	129,000
Net Profits on new coinage in India	288,000	2,465,700	123,300

244. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies included in the Estimates for 1903-1904 and 1904-1905. The figures are:—

	Budget, 1903-1904.	Revised, 1903-1904.	Budget, 1904-1905.
RECEIPTS.	£	£	£
Council Bills (exclusive of Bills drawn in connection with the Gold Reserve Fund)	17,000,000	21,500,000	16,500,000
Permanent Debt incurred (India Stock)	2,000,000	1,500,000	2,500,000
Temporary Debt incurred (India Sterling Bills)	2,000,000	2,000,000	2,000,000
Receipts on account of the Subscribed Capital of Railway Companies	4,382,800	200,000	3,320,100
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian, South Indian and Great Indian Peninsula Railway Companies)	2,050,000	Nil	2,450,000
OUTGOINGS.			
Permanent Debt discharged	600,000	600,000	1,002,100
Temporary Debt discharged	3,500,000	3,500,000	2,000,000
Discharge of Railway Companies' Debentures	3,332,800	247,000	2,070,100
Discharge of East Indian Railway Company's Debentures	...	...	800,000

245. The programme herein announced of the probable drawings on India and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies represent the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can possibly be given that the programme will be adhered to either in amount or form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year.

INDIA.

246. The following is a summary of the Estimates of Ways and Means in India during 1903-1904 and 1904-1905 :—

	BUDGET ESTIMATE, 1903-1904.		REVISED ESTIMATE, 1903-1904.		BUDGET ESTIMATE, 1904-1905.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
RECEIPTS.						
Excess of Revenue over Expenditure charged to Revenue	R 27,85,20,000	£ 18,568,000	R 30,29,86,000	£ 20,199,000	R 29,03,19,000	£ 19,354,600
Capital raised through Companies for outlay on State Railways (net)	3,07,50,000	2,050,000	...	...	2,47,50,000	1,650,000
Capital raised and deposited by Railway Companies	4,96,000	33,000	2,73,000	18,200	2,59,000	17,200
Unfunded Debt incurred, mostly Savings Bank deposits (net)	89,31,000	595,400	1,09,65,000	731,030	1,03,22,000	688,100
Deposits and Advances—						
Appropriation for Reduction or Avoidance of Debt	86,70,000	578,000	87,96,000	586,400	81,91,000	546,100
Balances of Provincial allotments	—2,07,52,000	—1,383,500	1,80,18,000	1,201,200	—1,97,52,000	—1,316,800
Other Items (net)	49,84,000	332,300	40,10,000	267,300	5,93,000	39,500
Remittances—						
Inter-Departmental Remittances	...	...	59,53,000	396,900	...	...
Remittance account between England and India—						
Silver remitted from England	...	...	6,08,25,000	4,055,000	...	...
Transactions of Railway Companies	2,98,69,000	1,991,200	2,40,22,000	1,601,500	4,12,05,000	2,747,000
TOTAL RECEIPTS EXCLUDING LOANS.	34,14,68,000	22,764,500	43,58,48,000	29,056,500	35,58,87,000	23,725,700
DISBURSEMENTS.						
Capital Expenditure not charged to Revenue—						
State Railways and Irrigation Works	6,28,20,000	4,188,000	5,87,30,000	3,915,300	8,14,18,000	5,427,800
Outlay by Companies (net)	1,05,94,000	706,300	83,67,000	557,700	80,27,000	535,000
Permanent Debt discharged	13,50,000	90,000	13,00,000	86,700	13,00,000	86,700
Temporary Debt discharged	...	...	...	...	50,00,000	333,300
Loans granted and repaid (net)—						
Imperial	7,54,000	50,200	20,02,000	133,500	—7,63,000	—50,800
Provincial	—12,09,000	—80,600	—42,07,000	—280,500	5,65,000	37,700
Remittance account between England and India—						
Gold remitted to England for purchase of silver.	...	...	5,99,54,000	3,996,900	...	...
Transactions of Railway Companies	3,07,95,000	2,053,000	2,40,000	16,600	3,67,95,000	2,453,000
Other transactions (net)	54,15,000	361,000	2,07,82,000	1,385,500	85,90,000	572,700
Council Bills	25,60,04,000	17,066,900	32,24,07,000	21,493,800	25,15,45,000	16,769,700
TOTAL DISBURSEMENTS	36,65,23,000	24,434,800	46,95,84,000	31,305,500	39,24,77,000	26,165,100
NET DISBURSEMENTS	2,50,55,000	1,670,300	3,37,36,000	2,249,000	3,65,90,000	2,439,400
FINANCED AS FOLLOWS:						
Permanent Debt incurred	2,00,00,000	1,333,300	2,00,00,000	1,333,300	3,00,00,000	2,000,000
Temporary Debt incurred	...	...	50,00,000	333,300	...	...
From Treasury Balances	50,55,000	337,000	87,36,000	582,400	65,90,000	439,400
TOTAL	2,50,55,000	1,670,300	3,37,36,000	2,249,000	3,65,90,000	2,439,400
Opening Balance	17,74,99,524	11,833,301	18,12,36,240	12,082,416	17,25,00,240	11,500,016
Closing Balance	17,24,44,524	11,496,301	17,25,00,240	11,500,016	16,59,10,240	11,060,616

247. When the Budget Estimate of the current year was framed in March last, the cash balance in the treasuries on 1st April 1903 was estimated at 17,75 lakhs. It was calculated that net revenue receipts would amount to 27,85 lakhs, and that remittance and other miscellaneous transactions would yield a net receipt of 2,71 lakhs. Council drawings were taken at 25,60 lakhs, Capital outlay on State Railways and canals at 6,28 lakhs, and net expenditure from the balances of Provincial Governments at 2,07 lakhs. The net disbursements were thus in round figures 3,39 lakhs. It was proposed to meet these (1) by a rupee loan of two crores, (2) by unfunded debt, mostly Savings Bank deposits, to the amount of 89 lakhs, and (3) by drawing on the cash balances to the extent of 50 lakhs.

1903-1904.
Main features of
Budget Estimates.

248. The results according to the Revised Estimate have differed considerably from this forecast. The actual cash balance on 1st April 1903 was 18,12 lakhs, or greater by 37 lakhs: the net revenue was better than the estimate by 2,45 lakhs: the Provincial balances, instead of being drawn upon, were increased by 1,80 lakhs, making a net improvement of 3,87 lakhs: and capital expenditure on State Railways and Irrigation was less by 41 lakhs. On the other hand, Council drawings reached the very large total of 32,24 lakhs or 6,64 lakhs more than estimated, and miscellaneous remittance and other transactions yielded a net credit of only 1,18 lakhs, being less than the forecast by 1,53 lakhs. The net result was a worseness of 1,07 lakhs, which was met as follows, (1) from an increase in Savings Bank deposits which improved to the extent of 20 lakhs, (2) by a special temporary loan from Gwalior of 50 lakhs, and (3) by drawing further on the cash balance to the extent of 37 lakhs. The cash balance at the close of the year is now estimated at 17,25 lakhs.

1903-1904.
Main features of
Revised Estimates.

249. The leading feature of the year was the strong demand for Councils. The demand was active throughout the summer and autumn, when it is as a rule comparatively weak, the sales never falling below 2 crores in any one month. This did not prevent the demand becoming still keener in the cold weather, the sales in January reaching 5,02 lakhs, and those in February 5,01 lakhs. The total sales of the year are the highest on record.

The figures shown in the table are exclusive of 3,30 lakhs paid on account of Council Bills drawn for the remittance of the profits on coinage, for investment on account of the Gold Reserve Fund.

250. The improvement in the net revenue and expenditure has been explained in Section II of the Financial Statement. The improvement in the Provincial balances is partly due to increased receipts and short expenditure by the Local Governments, but also in great measure to the large grants aggregating 2,59 lakhs, which have been made to them from Imperial revenues towards the close of the year for various purposes. The miscellaneous transactions include remittances on account of Railway Companies, and their capital receipts and expenditure, the Imperial and Provincial loan account, transactions in connection with the purchase of silver for coinage, and the portion of the Famine Insurance grant which is appropriated for the reduction or avoidance of debt. They also include expenditure incurred in India on account of His Majesty's Government the amount of which is recovered from the latter through the London account. This consists chiefly of payments on account of troops in Somaliland and China, charges for stores issued, emigration bills, Chelsea out-pensioners, and Naval charges. They considerably exceeded the forecast of the year.

251. The nature of the Railway transactions has been explained in paragraph 236. In respect of the loan account, the receipts were larger than had been expected, in consequence of the improved condition of the country which enabled recoveries of takavi advances given during the late famine to be effected on a considerable scale, especially in the Central Provinces and the Punjab. On the other hand, the advances to the Simla-Kalka Railway amounted to 45 lakhs, against only 33 provided in the Budget.

252. The remittance of gold to England for the purchase of silver, and the transfer of the latter in India for coinage, involved very large transactions approximating 6 crores on either side. But the amounts are necessarily nearly equal and have little effect on the net result. The £300,000 worth of silver purchased in 1902-1903, to which reference was made in paragraph 308 of the last Financial Statement was not received till after the close of that year, and the transaction appears in the accounts of 1903-1904 under the head of Remittances.

1903-1904.
Purchase of Silver.

1903-1904 and
1904-1905.
Unfunded Debt.

253. The following table gives the details of the transactions of Savings Banks and Provident Funds during a series of years and the estimated transactions for 1903-1904 and 1904-1905:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1892-93	54,89,000	33,94,000	88,83,000
1893-94	17,99,000	36,80,000	54,79,000
1894-95	—8,45,000	29,70,000	21,25,000
1895-96	24,77,000	33,85,000	58,62,000
1896-97	—58,11,000	34,66,000	—23,45,000
1897-98	—65,71,000	32,70,000	—33,01,000
1898-99	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,24,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904 (Budget)	40,73,000	41,65,000	82,38,000
1903-1904 (Revised)	61,77,000	42,20,000	1,03,97,000 .
1904-1905 (Budget)	51,05,000	45,45,000	96,50,000

254. A net deposit in the Post Office Savings Bank of 30 lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first eight months of the year have resulted in a net increase in the deposits of more than 61 lakhs, and allowing for withdrawals usually made in the closing months of the year, it is now expected that apart from interest there will be a net increase in the deposits of Rs 50,20,000 during the year.

255. In the Budget Estimate for 1904-1905 a net deposit in the Post Office Savings Banks of 40 lakhs apart from interest is anticipated.

256. In accordance with the intention expressed in paragraph 310 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of 2 crores was announced in July last. Tenders were opened on the 22nd idem and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
R	R	R a. p.	R a. p.
4,96,00,835	2,00,00,000	98 1 7 ²	97 15 0

1903-1904.
Temporary Debt.
incurred.

257. As stated in paragraph 19, there was an extraordinary demand for rupee currency during the past winter, and in January last, as a measure of precaution, it was arranged to obtain a temporary loan of 50 lakhs of rupees from the Gwalior Durbar for three months. It will be repaid early next year.

258. In the Budget Estimate for next year, the net disbursements are taken at Rs 28,54,000 more than in the Revised Estimate of the current year. The following variations have chiefly contributed to this excess:—

<i>Worse.</i>	R
Excess of Revenue over Expenditure, <i>less</i>	1,26,67,000
Reduction of Provincial balances	3,77,70,000
Deposits and Advances—other items and Inter-Departmental Remittances (chiefly due to absence of special receipts from coinage of bullion in balance and withdrawn coin)	93,70,000
Expenditure not charged against Revenue, including Outlay by Companies, due to a larger programme of Capital Expenditure on Railways and Irrigation Works	2,23,48,000
Temporary Debt discharged (Gwalior loan)	50,00,000
Loans by Provincial Governments (smaller recoveries of agricultural advances and a more liberal provision for loans to Municipalities for water-works, drainage schemes, etc.) <i>net</i>	47,72,000
Remittance Account between England and India— Withdrawals by Railway Companies for stores, etc., in England	1,93,63,000
	<hr/> 11,12,90,000

<i>Better.</i>	
Capital raised through Companies for outlay on State Railways (Debentures raised)	2,47,50,000
Loans by Imperial Government (Rs 12,05,000 provided on account of advances to the Simla-Kalka Railway against Rs 45,00,000 in the Revised)	27,65,000
Remittance Account between England and India— Other transactions (chiefly due to smaller provision for payments on account of Somaliland force)	1,21,92,000
Council Bills	7,08,62,000
	<hr/> 11,05,69,000

259. It is proposed to meet the net disbursements of Rs 3,65,90,000 in the Budget Estimate of next year by a new loan in India of three crores, and by drawing upon the cash balance to the extent of Rs 65,90,000. The announcement now made regarding the rupee loan is in accordance with the present programme, but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1904-1905.
New Rupee Loan.

Section VIII.—Summary.

260. The principal features in this statement are the following :—

I.—The accounts of 1902-1903 closed with a surplus of £3,069,549, being £331,049 higher than the surplus expected in the Revised Estimate of that year.

II—1903-1904—

(1) The Revised Estimates show a total revenue of £83,067,800, a total expenditure charged to Revenue of £80,356,600, and a surplus of £2,711,200. This surplus is higher than that estimated in March 1903 by £1,762,500.

(2) There has again been a large increase of revenue under almost every important head, especially from railway net earnings and opium.

Land Revenue yielded an increase of £179,800, Excise of £420,400, Customs of £316,200, Forests of £119,200 and Irrigation Major Works of £148,600.

The reduction in the Salt duty has stimulated consumption, and the revenue is expected to exceed the estimate by £206,700.

The net earnings of State Railways exceeded the estimate by £723,400, and those of Guaranteed Railways by £28,700. The North Western Railway contributed most largely to the former.

The prices of Bengal opium ruled extraordinarily high, and the revenue exceeded the estimate by £1,354,900. On the other hand, the season's crop was a bumper, involving very large payments for the raw product. The charges exceeded the estimate by £474,100.

(3) Army expenditure is expected to exceed the estimate by £164,400. This is inclusive of £300,000 for the Tibet Mission, and £186,400 for the escorts with the Aden and Seistan Delimitation Commissions. There were savings of £239,200 on account of the absence of troops in China and Somaliland.

The expenditure on Civil Public Works increased by £121,100.

Owing to the inability of the Local Governments to expend their full allotments, there were savings under most of the chief administrative heads, the more important being Land Revenue £130,700, Jails £84,600, Police £107,500, Education £141,400, Medical £97,100 and Minor Irrigation Works £82,300.

Under Famine Relief total expenditure was only £20,400. The grant of £120,000 for special defences was only used to the extent of £28,400.

(4) Special grants, aggregating £1,726,700, have been made to Provincial Governments, of which £1,000,000 represents initial grants to the four Provinces,—Assam, Bengal, the United Provinces, and Madras,—whose settlements have been revised. The remainder represents grants for various specific purposes, including £333,300 for the improvement of Calcutta.

(5) Mint receipts exceed the Budget Estimate by £2,345,500, and the expenditure has been higher by £2,212,900. These differences are mainly due to the profit of £2,465,700 on the coinage of £4,625,000 worth of silver, of which £300,000 worth was brought forward from 1902-1903, and the remainder was purchased, in India and England, during the year. The whole profits, with the exception of a sum of £5,700, will have been remitted to England for investment to the account of the Gold Reserve Fund, which now consists of Consols and National War and Local Loans stock. The amount at credit of the Fund is £6,382,200.

- (6) It has been decided to appropriate £956,700 from the surplus of the year towards the provision of new artillery and rifles, and in pushing on the scheme of special coast defences.
- (7) A loan of two crores was raised in India; and India 3 per cent stock to the amount of £1,500,000 was issued, of which £600,000 was applied to the discharge of Great Indian Peninsula Railway debentures. £3,500,000 of India Bills, temporary, fell due, of which £2,000,000 were replaced, and £1,500,000 were discharged.
- (8) A temporary loan of £333,300 for three months was raised from the Gwalior Durbar in January 1904.
- (9) The drawings of Councils in 1903-1904 are expected to amount to £23,700,000. Of this, £2,200,000 represents remittances on account of the Gold Reserve Fund, and £21,500,000 are remittances on ordinary account, as compared with £17,000,000 entered in the Budget.
- (10) In addition to Councils, a sum of £261,027 in gold was remitted to the Secretary of State in July last on account of the Gold Reserve Fund.

III.—1904-1905—

- (1) The Budget Estimates of 1904-1905 show a total revenue of £80,148,600, a total expenditure charged to Revenue of £79,229,900, and a surplus of £918,700.
- (2) Opium receipts are estimated at £781,600 less than the Revised Estimate of 1903-1904, but the other principal heads of Revenue are expected to yield an increase of £558,400, of which the principal factors are Land Revenue £329,200; and Excise £124,500. The net earnings of State Railways are taken at £174,800 less than the latest estimate of the current year.
Mint receipts are taken at £2,516,100 less, and the corresponding charges, including payments to the Gold Reserve Fund, at £2,385,000 less, than the Revised Estimates.
- (3) It is not thought necessary to make any provision for direct famine relief, but the Famine Insurance grant of one million is maintained at the same figure as formerly.
- (4) Army expenditure is expected to be greater than that of the Budget Estimate of 1903-1904 by £1,422,800. The provision of new artillery and rifles accounts for £700,000, the service pay of British troops, at 6d. a day, for £493,900, and expenditure on the Tibet, Aden, and Seistan Missions for £326,000. A sum of £256,700 is provided for prosecuting the scheme of special coast defences and sums aggregating £662,900 under various heads on account of projects for improving the efficiency of the army.
- (5) Most of the other heads of expenditure show an increase.
- (6) The Provincial Settlements of Assam, Bengal, the United Provinces and Madras have been revised and placed on a permanent basis. The revision involves the surrender to the Local Governments of Imperial Revenue amounting to £159,300 per annum.
- (7) Subject to the usual reservations, loans of £2,500,000 in England and of three crores in India are announced as contemplated, and the drawings of Council Bills are entered at £16,500,000. The sterling loan is required partly to pay off Great Indian Peninsula Railway debentures to the amount of £1,002,100, and partly for advances to Railway Companies. The rupee loan is intended for expenditure on Railways and Irrigation Works.
- (8) Subject to the usual reservations, provision is also made for the raising of capital through Railway Companies as follows, *viz.*:—
 - (a) towards outlay on State Railways, £1,650,000;
 - (b) for expenditure on Companies' Railways, £1,250,000.

- (9) £2,000,000 of India Bills will fall due within the year, and it is intended to replace them by an issue of similar Bills of equal amount.

IV.—The following table shows the Capital expenditure on Railways and Irrigation Works :—

	Accounts, 1902-1903.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
* RAILWAYS.	R	R	R
Included in the Government programme	10,05,75,960	9,82,07,000	12,00,00,000
Famine Protective lines *	24,375	19,07,000	22,06,000
Branch lines not on firm guarantee	7,95,054	2,58,000	1,63,000
Railways outside the Government account	1,00,20,900	93,58,000	88,96,000
Provincial and Local State lines	8,19,892	3,99,000	3,18,000
TOTAL RAILWAYS	11,22,36,181	11,01,29,000	13,15,83,000
Irrigation Works	84,62,858	81,18,000	1,25,00,000

E. N. BAKER.

March 23, 1904.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1902-1903
Revised Estimates	1903-1904
Budget Estimates	1904-1905

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I.—General Statement of the Revenue and Expenditure charged

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Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	18,436,845	19,109,700	19,262,400	19,591,600
Opium	"	4,498,438	4,381,800	5,736,700	4,955,100
Salt	"	6,184,405	4,953,300	5,160,000	5,133,300
Stamps	"	3,473,711	3,546,900	3,588,100	3,637,100
Excise	"	4,426,642	4,505,100	4,925,500	5,055,100
Customs	"	3,977,636	3,613,300	3,929,500	3,917,200
Other Heads	"	6,333,223	6,212,800	6,389,700	6,484,400
TOTAL PRINCIPAL HEADS . . . . .	...	47,380,900	46,322,900	48,991,900	48,768,700
Interest	A	807,667	730,600	817,200	769,000
Post Office	"	1,429,935	1,441,400	1,480,800	1,495,300
Telegraph	"	876,979	884,400	854,200	834,400
Mint	"	411,238	366,700	2,712,200	1,061,200
Receipts by Civil Departments	"	1,322,388	1,323,500	1,514,200	1,479,000
Miscellaneous	"	630,987	640,400	680,600	656,000
Railways	"	20,133,930	20,333,300	21,439,400	21,015,000
Irrigation	"	2,768,990	2,795,300	2,956,700	2,963,000
Other Public Works	"	486,941	477,300	548,400	480,400
Receipts by Military Department	"	1,124,990	1,039,600	1,072,200	899,000
TOTAL REVENUE . . . . .	...	77,434,915	76,355,400	83,067,800	80,148,000

G. D. PUDUMJEE,
Offg. Deputy Comptroller General

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 23, 1904.

Revenue of the Government of India, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1902-1903.	Budget Estimate, 1903-1904.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	7,635,069	8,384,600	8,624,900	8,823,300
Interest	"	1,832,685	1,706,600	1,698,800	1,576,300
Post Office	"	1,346,778	1,434,400	1,414,900	1,530,900
Telegraph	"	909,742	1,014,300	945,100	997,900
Mint	"	424,014	404,200	2,617,100	232,100
Salaries and Expenses of Civil Departments	"	11,689,243	12,246,900	11,878,800	12,795,600
Miscellaneous Civil Charges	"	4,493,990	4,240,400	4,309,200	4,179,500
Famine Relief and Insurance	"	982,576	1,000,000	883,200	926,400
Railway Revenue Account	"	19,904,951	20,292,400	20,584,800	21,261,600
Irrigation	"	2,575,244	2,732,600	2,694,600	2,707,900
Other Public Works	"	5,297,107	5,521,900	5,619,300	6,143,800
Army Services	"	17,346,392	17,691,900	17,856,300	19,114,700
Special Defences (1902)	"	...	120,000	28,400	256,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL . . . . .	...	74,437,791	76,790,200	79,155,400	80,546,700
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	285,460	...	1,381,100	...
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	"	357,885	1,383,500	179,900	1,316,800
TOTAL EXPENDITURE CHARGED TO REVENUE . . . . .	...	74,365,366	75,406,700	80,356,600	79,229,900
SURPLUS . . . . .	...	3,069,549	948,700	2,711,200	918,700
TOTAL . . . . .	...	77,434,915	76,355,400	83,067,800	80,148,600

O. T. BARROW,
*Offg. Comptroller General.*E. N. BAKER,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement	RECEIPTS.			
		Accounts, 1902-1903.	Budget Estimate, 1903-1904.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
		£	£	£	£
Surplus	C	3,069,549	948,700	2,711,200	918,700
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (Net)	C	1,303,361	2,050,000	...	1,050,000
Capital raised and deposited by Railway Companies (Net)	"	1,326,635	1,083,000	...	1,267,200
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	1,039,655	2,643,300	2,146,600	3,411,200
Unfunded Debt (net Incurred)	"	649,383	595,400	731,000	688,100
Deposits and Advances (net)	"	1,117,156	...	1,880,700	...
Loans and Advances by Imperial Government (net Repayments)	"	17,610	...	...	50,800
Loans and Advances by Provincial Governments (net Repayments)	"	87,587	80,600	280,500	...
Remittances (net)	"	...	676,300	1,329,900	...
Secretary of State's Bills drawn	"	18,236,947	17,000,000	21,500,000	16,500,000
TOTAL RECEIPTS . . . . .	...	26,847,883	25,077,300	30,579,900	24,486,000
Opening Balance—India . . . . .	...	11,880,301	11,833,301	12,082,416	11,500,010
England . . . . .	...	6,693,137	5,686,537	5,767,787	7,003,387
TOTAL . . . . .	...	45,421,321	42,597,138	48,430,103	42,989,407

FORT WILLIAM,
FINANCE AND COMMERCE DEPARTMENT;
March 23, 1904.

G. D. PUDUMJEE,
Offg. Deputy Comptroller General

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1902-1903.	Budget Estimate, 1903-1904.	Revised Estimate, 1903-1904.	Budget Estimate, 1904-1905.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	564,191	666,700	541,200	833,300
Outlay on State Railways	"	4,564,001	5,334,700	4,667,400	6,310,300
Outlay of Railway Companies (net)	"	2,254,870	2,100,500	1,895,300	1,797,300
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures) . . . . .	"	...	...	28,800	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS . . . . .	...	7,383,062	8,101,900	7,132,700	8,940,900
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	500,000	1,500,000	1,166,700	333,300
Deposits and Advances (net)	"	...	447,200	...	731,000
Loans and Advances by Imperial Government (net Advances)	"	...	50,200	133,500	...
Loans and Advances by Provincial Governments (net Advances) . . . . .	"	...	...	...	37,700
Remittances (net)	"	1,227,035	...	...	419,300
Secretary of State's Bills paid	"	18,461,021	17,066,900	21,493,800	16,769,700
TOTAL DISBURSEMENTS . . . . .	...	27,571,118	27,166,200	29,926,700	27,232,500
Closing Balance—India . . . . .	...	12,082,416	11,496,301	11,500,016	11,060,616
England . . . . .	...	5,767,787	3,934,637	7,003,387	4,696,287
TOTAL . . . . .	...	45,421,321	42,597,138	48,430,103	42,989,403

O. T. BARROW,
Comptroller General.E. N. BAKER,
Secretary to the Government of India.

A.—STATEMENT of the REVENUE

HEADS OF REVENUE.	ACCOUNTS, 1902-1903.					REVENUE	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	14,31,38,195	13,34,14,485	18,436,845	...	18,436,845	13,46,92,000	15,42,44,000
II.—Opium	6,74,76,576	...	4,498,438	...	4,498,438	8,60,51,000	...
III.—Salt	9,16,62,332	11,03,737	6,184,405	...	6,184,405	7,64,73,000	9,27,000
IV.—Stamps	1,39,09,235	3,81,96,432	3,473,711	...	3,473,711	1,46,41,000	3,91,81,000
V.—Excise	4,59,16,173	2,04,83,456	4,426,642	...	4,426,642	5,16,03,000	2,22,89,000
VI.—Provincial Rates	68,795	4,11,42,059	2,747,390	...	2,747,390	76,000	4,18,82,000
VII.—Customs	5,91,52,468	5,12,070	3,977,636	...	3,977,636	5,84,14,000	5,28,000
VIII.—Assessed Taxes	1,17,69,003	93,87,420	1,410,428	...	1,410,428	1,01,64,000	80,53,000
IX.—Forest	1,01,47,834	93,23,706	1,298,103	...	1,298,103	1,14,54,000	1,01,14,000
X.—Registration	23,56,132	23,07,669	313,587	...	313,587	25,39,000	23,95,000
XI.—Tributes from Native States	92,05,728	...	613,715	...	613,715	91,68,000	...
TOTAL	45,48,42,471	25,58,71,034	47,380,900	...	47,380,900	45,52,75,000	27,96,04,000
XII.—Interest	88,06,102	18,49,176	710,352	157,315	867,667	82,34,000	20,29,000
XIII.—Post Office	2,13,67,053	81,975	1,429,935	...	1,429,935	2,21,47,000	65,000
XIV.—Telegraph	1,30,62,086	...	870,806	6,173	876,979	1,26,70,000	...
XV.—Mint	61,68,083	...	411,266	32	411,238	4,06,83,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,24,449	34,26,080	243,369	...	243,369	2,99,000	34,70,000
XVI.—Law and Justice { Jails	3,38,120	32,06,413	236,302	...	236,302	3,67,000	29,76,000
XVII.—Police	2,01,975	44,10,743	307,514	...	307,514	2,31,000	45,45,000
XVIII.—Marine	7,93,420	18,03,948	173,158	...	173,158	32,50,000	18,32,000
XIX.—Education	51,279	26,82,395	182,245	...	182,245	65,000	27,45,000
XX.—Medical	6,686	11,20,706	75,159	1,446	76,605	9,000	12,70,000
XXI.—Scientific and other Minor Departments	2,04,453	13,35,503	102,664	531	103,195	1,73,000	14,53,000
TOTAL	18,20,382	1,79,85,788	1,320,411	1,977	1,322,388	43,94,000	1,82,91,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	12,71,882	5,09,009	118,726	82,577	201,303	14,91,000	5,27,000
XXIII.—Stationery and Printing	3,03,875	5,91,503	59,692	...	59,692	4,08,000	6,11,000
XXIV.—Exchange	4,73,568	...	31,571	...	31,571	8,16,000	...
XXV.—Miscellaneous	11,64,192	38,07,812	331,467	6,954	338,421	9,90,000	40,74,000
TOTAL	32,13,517	49,08,324	541,456	89,531	630,987	37,05,000	52,12,000
Railways—							
XXVI.—State Railways (Gross Receipts)	28,66,41,050	4,20,342	19,137,426	230	19,137,656	30,62,12,000	4,98,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,41,92,735	...	946,182	...	946,182	1,42,07,000	...
XXVIII.—Subsidised Companies (Repayment of Advances of Interest)	4,82,880	...	32,192	17,870	50,062	5,63,000	...
TOTAL	30,13,16,665	4,20,342	20,115,800	18,100	20,133,900	32,09,82,000	4,98,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,95,00,913	77,43,106	1,816,268	...	1,816,268	2,15,06,000	74,79,000
Portion of Land Revenue due to Irrigation	1,22,15,889	...	814,393	...	814,393	1,30,32,000	...
XXX.—Minor Works and Navigation	7,42,539	13,32,396	138,329	...	138,329	10,05,000	13,28,000
TOTAL	3,24,59,341	90,75,502	2,768,990	...	2,768,990	3,55,43,000	88,07,000
Other Public Works—							
XXXI.—Military Works	5,74,515	...	38,301	...	38,301	6,42,000	...
XXXII.—Civil Works	2,87,004	60,12,412	419,961	28,679	448,640	2,62,000	69,37,000
TOTAL	8,61,519	60,12,412	458,262	28,679	486,941	9,04,000	69,37,000
Receipts by Military Department—							
XXXIII.—Army: Effective	98,17,847	...	654,523	333,733	988,256	80,29,000	...
Non-Effective	11,62,034	...	77,469	59,265	136,734	12,13,000	...
TOTAL	1,09,79,881	...	731,992	392,998	1,124,990	92,42,000	...
TOTAL REVENUE	85,48,97,100	29,62,04,553	76,740,110	694,805	77,434,915	91,37,79,000	32,14,43,000

INDIA, in India and in England.

ESTIMATE, 1903-1904.			Increase + Decrease— of Revised, as com- pared with Budget Estimate, 1903-1904.	BUDGET ESTIMATE, 1904-1905.					Increase + Decrease— of Budget, 1904-1905, as compared with Budget Esti- mate, 1903- 1904.	Increase + Decrease— of Budget, 1904-1905, as compared with Revised Estimate, 1903-1904.
Total India (converted into £ at Rs=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.		
£	£	£	£	Imperial.	Provincial and Local.	£	£	£	£	£
19,252,400	...	19,252,400	+ 152,700	15,559,400	13,82,80,000	19,591,600	...	19,591,600	+ 481,900	+ 329,200
5,736,700	...	5,736,700	+ 1,354,900	7,43,26,000	...	4,955,100	...	4,955,100	+ 573,300	- 781,600
5,160,000	...	5,160,000	+ 206,700	7,61,10,000	8,90,000	5,133,300	...	5,133,300	+ 180,000	- 26,700
3,588,100	...	3,588,100	+ 41,200	2,43,60,000	3,01,97,000	3,637,100	...	3,637,100	+ 90,200	+ 49,000
4,925,500	...	4,925,500	+ 420,400	5,31,47,000	2,26,03,000	5,050,000	...	5,050,000	+ 544,900	+ 124,500
2,797,200	...	2,797,200	+ 12,700	78,000	4,24,07,000	2,832,400	...	2,832,400	+ 47,900	+ 35,200
3,929,500	...	3,929,500	+ 316,200	5,85,61,000	1,97,000	3,917,200	...	3,917,200	+ 303,900	- 12,300
1,214,500	...	1,214,500	+ 27,700	1,31,79,000	57,79,000	1,263,900	...	1,263,900	+ 77,100	+ 49,400
1,437,900	...	1,437,900	+ 119,200	1,29,26,000	84,96,000	1,428,100	...	1,428,100	+ 109,400	- 9,800
328,900	...	328,900	+ 7,200	10,64,000	39,46,000	334,000	...	334,000	+ 12,300	+ 5,100
611,200	...	611,200	+ 10,100	93,90,000	...	626,000	...	626,000	+ 24,900	+ 14,800
133,000	133,000	48,991,900	+ 2,659,000	47,87,35,000	25,27,95,000	48,768,700	...	48,768,700	+ 2,445,800	- 223,200
817,200	133,000	817,200	+ 85,600	88,18,000	21,17,000	729,000	40,000	769,000	+ 38,400	- 48,200
1,480,800	...	1,480,800	+ 39,400	2,23,59,000	70,000	1,495,300	...	1,495,300	+ 53,900	+ 14,500
854,200	9,500	854,200	- 30,200	1,24,20,000	...	828,000	6,400	834,400	- 50,000	- 19,800
2,712,200	...	2,712,200	+ 2,345,500	29,41,000	...	196,100	...	196,100	- 170,600	- 2,516,100
251,300	...	251,300	+ 5,000	2,93,000	35,19,000	254,100	...	254,100	+ 7,800	+ 2,800
222,800	...	222,800	- 26,500	3,73,000	31,91,000	237,600	...	237,600	- 11,700	+ 14,800
318,400	...	318,400	+ 10,500	2,21,000	45,17,000	315,900	...	315,900	+ 8,000	- 2,500
338,800	...	338,800	+ 191,300	22,39,000	18,22,000	270,700	26,000	296,700	+ 149,200	- 42,100
187,300	...	187,300	- 3,900	69,000	28,86,000	197,000	...	197,000	+ 5,800	+ 9,700
86,700	1,400	86,700	+ 11,000	9,000	11,36,000	76,300	1,400	77,700	+ 2,000	- 9,000
108,900	500	108,900	+ 3,300	1,42,000	12,18,000	93,700	400	91,100	- 14,500	- 17,800
1,514,200	1,900	1,514,200	+ 190,700	33,46,000	1,82,89,000	1,442,300	27,800	1,470,100	+ 146,600	- 44,100
213,300	78,700	213,300	+ 5,700	13,03,000	5,12,000	121,000	75,700	196,700	- 10,900	- 16,600
67,900	...	67,900	+ 5,100	3,72,000	5,99,000	64,700	...	64,700	+ 1,900	- 3,200
54,400	...	54,400	+ 38,600	10,48,000	...	69,900	...	69,900	+ 54,100	+ 15,500
345,000	7,400	345,000	- 9,200	10,69,000	37,66,000	322,300	2,500	324,800	- 23,400	- 20,200
683,600	86,100	683,600	+ 40,200	37,92,000	48,77,000	577,900	78,200	656,100	+ 15,700	- 24,500
20,447,600	200	20,447,600	+ 1,076,000	30,81,25,000	5,85,000	20,580,700	200	20,580,900	+ 1,209,300	+ 133,300
947,100	...	947,100	+ 28,700	1,48,25,000	...	988,300	...	988,300	+ 69,900	+ 41,200
44,700	7,200	44,700	+ 1,400	6,14,000	...	40,900	5,700	46,600	+ 3,300	+ 1,900
21,439,400	7,400	21,439,400	+ 1,106,100	32,35,64,000	5,85,000	21,609,900	5,900	21,615,800	+ 1,282,500	+ 176,400
1,932,400	...	1,932,400	+ 148,600	1,89,48,000	97,77,000	1,915,000	...	1,915,000	+ 131,200	- 17,400
868,800	...	868,800	+ 27,100	1,32,67,000	...	884,500	...	884,500	+ 42,800	+ 15,700
155,500	...	155,500	- 14,300	11,31,000	13,22,000	163,500	...	163,500	- 6,300	+ 8,000
2,956,700	...	2,956,700	+ 161,400	3,33,46,000	1,10,99,000	2,963,000	...	2,963,000	+ 167,700	+ 6,300
43,800	...	43,800	+ 6,500	5,74,000	...	38,300	...	38,300	+ 2,000	- 4,500
505,600	25,700	505,600	+ 64,600	2,47,000	59,83,000	415,300	26,800	442,100	+ 1,100	- 63,500
548,400	25,700	548,400	+ 71,100	8,21,000	59,83,000	453,600	26,800	480,400	+ 3,100	- 68,000
943,400	408,100	943,400	+ 34,700	68,45,000	...	456,400	334,400	790,800	- 117,900	- 152,600
128,800	48,000	128,800	- 2,100	12,14,000	...	80,900	28,000	108,900	- 22,000	- 19,900
1,072,200	456,100	1,072,200	+ 32,600	80,59,000	...	537,300	362,400	899,700	- 139,900	- 172,500
83,067,800	719,700	83,067,800	+ 6,712,400	89,82,01,000	29,58,15,000	79,601,100	547,500	80,148,600	+ 3,793,200	- 2,919,200

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1902-1903.					REVIS	
	INDIA. (RUPEE FIGURES).		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES).	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	32,50,102	8,71,540	274,776	...	274,776	29,95,000	8,51,430
2.—Assignments and Compensations	49,40,742	1,01,63,537	1,006,952	...	1,006,952	76,66,000	1,02,48,300
Charges in respect of Collection, viz.:							
3.—Land Revenue	21,20,962	4,15,19,023	2,909,332	148	2,909,480	32,33,000	4,25,430
4.—Opium (including cost of Production)	2,46,60,553	...	1,644,037	4,446	1,648,483	3,31,38,000	...
5.—Salt (including cost of Production)	47,95,427	3,90,811	345,749	142	345,891	45,78,000	4,03,000
6.—Stamps	—2,07,727	13,68,876	77,410	31,898	109,308	—2,49,000	14,42,000
7.—Excise	19,05,874	9,31,744	189,175	9	189,184	21,65,000	10,49,000
8.—Provincial Rates . . . . .	...	6,28,226	41,882	...	41,882	...	5,74,000
9.—Customs	8,84,678	15,33,165	161,190	145	161,335	9,12,000	15,97,000
10.—Assessed Taxes	1,81,580	1,80,675	24,150	...	24,150	1,73,000	1,78,000
11.—Forest	60,02,832	52,46,499	749,955	1,828	751,783	66,80,000	57,43,000
12.—Registration	13,08,792	12,68,878	171,845	...	171,845	13,61,000	12,95,000
TOTAL	4,98,43,815	6,41,02,974	7,596,453	38,616	7,635,069	6,26,52,000	6,59,23,000
Interest—							
13.—Interest on Debt	3,24,70,877	74,48,056	2,727,929	4,365,547	7,093,476	3,42,60,000	75,40,000
Deduct—Amounts chargeable to Railways†	4,98,51,608	49,389	3,326,733	1,362,388	4,689,121	5,24,85,000	37,000
" Amounts chargeable to Irrigation	88,53,531	56,83,036	969,105	...	969,105	91,65,000	57,30,000
Remainder chargeable on Ordinary Debt	—2,52,34,262	17,15,631	—1,567,909	3,003,159	1,435,250	—2,73,90,000	17,73,000
14.—Interest on other Obligations	59,17,462	49,700	397,211	224	397,435	62,61,000	43,000
TOTAL	—1,93,16,800	17,56,321	—1,170,698	3,003,383	1,832,685	—2,11,29,000	18,16,000
15.—Post Office	1,73,42,754	13,60,186	1,246,863	99,915	1,346,778	1,82,75,000	13,78,000
16.—Telegraph	97,01,776	...	646,785	262,957	909,742	1,02,70,000	...
17.—Mint	62,34,258	...	415,617	8,397	424,014	3,91,50,000	...
Salaries and Expenses of Civil Departments—							
18.—General Administration	77,53,655	1,12,08,449	1,264,140	251,474	1,515,614	78,35,000	1,01,61,000
19.—Law and Justice { Courts	9,78,732	3,22,47,681	2,215,094	210	2,215,304	11,41,000	3,88,700
Jails	17,51,306	91,30,285	725,440	65	725,505	18,27,000	85,900
20.—Police	19,71,337	4,32,99,695	3,018,069	1,675	3,019,744	23,04,000	4,35,300
21.—Marine (including River Navigation).	19,54,456	20,66,316	268,051	247,914	515,965	42,77,000	20,80,000
22.—Education	3,28,493	1,91,08,242	1,295,782	1,882	1,297,664	5,36,000	2,00,700
23.—Ecclesiastical	16,55,652	...	110,377	646	111,023	16,84,000	...
24.—Medical	6,02,144	1,36,79,725	952,125	8,414	960,539	6,59,000	1,33,100
25.—Political	1,14,46,666	7,36,585	812,217	7,249	819,466	99,46,000	7,17,000
26.—Scientific and other Minor Departments	43,35,803	27,88,636	474,962	33,457	508,419	45,90,000	29,80,000
TOTAL	3,27,78,244	13,42,65,614	11,136,257	552,986	11,689,243	3,47,99,000	13,43,300
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	38,70,229	...	258,015	12,590	270,605	37,25,000	...
28.—Civil Furlough and Absentee Allowances	5,480	...	365	244,026	244,391	11,000	...
29.—Superannuation Allowances and Pensions	10,88,758	1,10,42,721	808,765	2,006,754	2,815,519	11,18,000	1,15,100
30.—Stationery and Printing	10,23,632	60,02,216	468,390	102,348	570,738	7,72,000	60,500
31.—Exchange . . . . .	...	...	...	...	...	...	...
32.—Miscellaneous	26,63,980	58,45,195	567,279	25,458	592,737	9,62,000	49,500
TOTAL	86,52,079	2,28,90,132	2,102,814	2,391,176	4,493,990	65,88,000	2,25,000
Famine Relief and Insurance—							
33.—Famine Relief	48,20,816	1,818	321,509	...	321,509	3,05,000	...
34.—Construction of Protective Railways	24,375	...	1,625	...	1,625	15,74,000	...
35.—Construction of Protective Irrigation Works	13,77,256	...	91,817	2,925	94,742	22,31,000	...
36.—Reduction or Avoidance of Debt	84,70,500	...	564,700	...	564,700	87,96,000	...
TOTAL††	1,46,92,947	1,818	979,651	2,925	982,576	1,29,06,000	22,59,000
Carried over	11,99,29,073	22,43,77,055	22,953,742	6,360,355	29,314,097	16,35,11,000	22,59,000

† Included under the following heads:—

State Railways Interest on Debt
Ditto Interest chargeable against Companies on Advances

TOTAL

ACCOUNTS, 1902-1903.				REVISED ESTIMATE, 1903-1904.		
INDIA.		England.	TOTAL.	INDIA.		England.
Amount in Rupees.	Equivalent in £ at Rs 15 = £1.			Amount in Rupees.	Equivalent in £ at Rs 15 = £1.	
₹	£	£	£	₹	£	£
4,72,77,981	3,151,865	1,143,504	4,295,369	4,95,57,000	3,303,800	1,140,400
26,23,016	174,868	218,884	393,752	29,05,000	197,700	218,900
TOTAL	4,99,00,997	3,326,733	1,362,388	5,25,22,000	3,501,500	1,359,300

Revenues of India, in India and in England.

ESTIMATE, 1903-1904.			Increase + Decrease — of Revised, as compared with Budget Estimate, 1903- 1904.	BUDGET ESTIMATE, 1904-1905.					Increase + Decrease — of Budget, 1904-1905, as compared with Budget Esti- mate, 1903- 1904.	Increase + Decrease — of Budget, 1904-1905, as compared with Revised Estimate, 1903-1904.
Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	£
256,400	...	256,400	+ 37,700	25,37,000	6,96,000	215,500	...	215,500	£	
1,194,300	...	1,194,300	-16,400	79,45,000	1,03,54,000	1,219,900	...	1,219,900	-3,200	-40,900
									+ 9,200	+ 25,600
...	700	3,052,400	-130,700	70,69,000	4,27,08,000	3,318,500	900	3,319,400	+ 136,300	+ 267,000
...	3,700	2,212,900	+ 474,100	3,00,38,000	...	2,002,500	1,400	2,003,900	+ 265,100	-209,000
...	2,000	334,100	-30,200	56,22,000	13,000	375,700	900	376,600	+ 12,300	+ 42,500
...	44,000	123,500	-2,000	82,000	11,30,000	80,800	37,500	118,300	-7,200	-5,200
...	200	214,500	-27,400	25,77,000	11,80,000	250,500	...	250,500	+ 8,600	+ 36,000
...	...	38,200	-8,300	...	6,21,000	41,400	...	41,400	-5,100	+ 3,200
...	100	167,400	-9,600	22,82,000	4,14,000	179,700	100	179,800	+ 2,800	+ 12,400
...	...	23,400	-1,800	2,21,000	1,09,000	22,000	...	22,000	-3,200	-1,400
...	2,600	830,800	-42,200	82,86,000	51,15,000	893,400	1,300	894,700	+ 21,700	+ 63,900
...	...	177,000	-2,900	5,03,000	22,16,000	181,300	...	181,300	+ 1,400	+ 4,300
...	53,300	8,624,900	+ 240,300	6,71,62,000	6,45,56,000	8,781,200	42,100	8,823,300	+ 438,700	+ 198,400
...	4,345,500	7,132,200	+ 14,900	3,52,51,000	76,74,000	2,861,600	4,373,900	7,235,500	+ 118,200	+ 103,300
...	1,359,300	4,860,800	-26,000	5,54,76,000	49,000	3,701,600	1,370,200	5,080,800	-246,000	-220,000
...	...	993,000	+ 1,400	95,52,000	58,00,000	1,023,500	...	1,023,500	-29,100	-30,500
...	2,986,200	1,278,400	-9,700	-2,97,77,000	18,25,000	-1,863,500	2,994,700	1,131,200	-156,900	-147,200
...	100	420,400	+ 1,900	66,33,000	42,000	445,000	100	445,100	+ 26,600	+ 24,700
...	2,986,300	1,698,800	-7,800	-2,31,44,000	18,67,000	-1,418,500	2,994,800	1,576,300	-130,300	-122,500
...	104,700	1,414,900	-19,500	1,93,77,000	13,21,000	1,379,900	151,000	1,530,900	+ 96,500	+ 116,000
...	260,400	945,100	-69,200	1,12,51,000	...	750,100	247,800	997,900	-16,400	+ 52,800
...	7,100	2,617,100	+ 2,212,900	33,87,000	...	225,800	6,300	232,100	-172,100	-2,385,000
...	279,000	1,478,700	+ 55,100	74,37,000	1,01,56,000	1,172,900	268,200	1,441,100	+ 17,500	-37,600
...	500	2,268,000	-59,700	12,06,000	3,42,58,000	2,364,300	800	2,365,100	+ 37,400	+ 97,100
...	600	695,100	-84,600	19,59,000	93,81,000	756,000	200	756,200	-23,500	+ 61,100
...	1,000	3,057,200	-107,500	25,15,000	4,52,07,000	3,181,500	700	3,182,200	+ 17,500	+ 125,000
...	267,600	691,800	+ 144,600	42,49,000	29,65,000	480,900	280,200	761,100	+ 213,900	+ 69,300
...	3,900	1,378,200	-141,400	11,36,000	2,22,59,000	1,559,700	2,800	1,562,500	+ 42,900	+ 184,300
...	1,100	113,400	-6,100	18,46,000	...	123,000	400	123,400	+ 3,900	+ 10,000
...	6,000	937,500	-97,100	6,88,000	1,49,86,000	1,044,900	4,000	1,048,900	+ 14,300	+ 111,400
...	5,400	716,300	-33,900	1,42,82,000	6,61,000	996,200	3,900	1,000,100	+ 249,900	+ 283,800
...	37,900	542,600	-37,500	43,90,000	33,31,000	514,700	40,300	555,000	-25,100	+ 12,400
...	603,000	11,878,800	-368,100	3,97,08,000	14,32,04,000	12,194,100	601,500	12,795,600	+ 548,700	+ 916,800
...	10,800	259,200	-13,500	36,83,000	...	245,500	10,800	256,300	-16,400	-2,900
...	237,500	238,200	-20,100	8,000	...	500	257,500	258,000	-300	+ 19,800
...	2,020,500	2,862,400	-6,600	11,52,000	1,18,60,000	867,500	2,026,500	2,894,000	+ 25,000	+ 31,600
...	85,700	541,000	+ 4,000	5,91,000	62,29,000	454,700	62,600	517,300	-19,700	-23,700
...
...	15,300	408,400	+ 105,000	9,84,000	25,36,000	234,700	19,200	253,900	-49,500	-154,500
...	2,369,800	4,309,200	+ 68,800	64,18,000	2,06,25,000	1,802,900	2,376,600	4,179,500	-60,900	-129,700
...	...	20,400	-81,600	...	...	...	...	...	-102,000	-20,400
...	22,200	127,200	-26,100	18,53,000	...	123,500	23,500	147,000	-6,300	+ 19,800
...	500	149,200	-17,500	33,83,000	...	225,500	7,800	233,300	+ 66,600	+ 84,100
...	...	586,400	+ 8,400	81,91,000	...	546,100	...	546,100	-31,900	-40,300
...	22,700	883,200	-116,800	1,34,27,000	...	895,100	31,300	926,400	-73,600	+ 43,200
...	6,407,300	32,372,000	+ 1,940,600	13,75,86,000	23,15,73,000	24,610,600	6,451,400	31,062,000	+ 630,600	-1,310,000

BUDGET ESTIMATE, 1904-1905.			
INDIA.		England.	TOTAL.
Equivalent in £ at Rs 15 = £1.	£	£	£
3,483,800	1,140,800	4,624,600	
217,800	238,400	456,200	
3,701,600	1,379,200	5,080,800	

†† The following further sums, which are included under XXVI and 38, — State Railways, are chargeable to the grant for Famine Relief and Insurance as representing the net charge on the Revenues on account of Protective Railways constructed through the agency of Companies:—

	Accounts, 1903-1904. £	Revised Estimate, 1903-1904. £	Budget Estimate, 1904-1905. £
Bengal-Nagpur Railway	17,424	98,800	44,500
Indian Midland Railway	...	18,000	29,100
TOTAL	17,424	116,800	73,600